THE RENT RACE

A STUDY OF HOUSING QUALITY, SHELTER COSTS AND FAMILY BUDGETS FOR SOCIAL ASSISTANCE RECIPIENTS IN METROPOLITAN TORONTO

1974

Social Planning Council of Metropolitan Toronto

FINAL
REPORT

THE RENT RACE

A Study of Housing Quality,
Shelter Costs and Family
Budgets for Social Assistance
Recipients in Metropolitan Toronto

Social Planning Council of Metropolitan Toronto
55 York Street Toronto M5J 1R7

March 1974

PRICE: $4.

ACKNOWLEDGEMENTS

We wish to thank all those who helped in the development and execution of this study by making available to us their time and knowledge for discussion and comment. We are particularly grateful to: Wilf Boyce of the Metropolitan Toronto Department of Social Services for answering our many questions and assisting our project in countless ways; Don Davies of the Department of Social Services for providing helpful assistance with sampling and other matters; June Rowlands of the Social Planning Council, who provided the researchers with answers to many questions about housing and housing policies; and Jean de Boerr and Gail Durance of Market Facts for providing useful advice on the development of survey instruments as well as an enjoyable collaboration. Finally, we wish to express our thanks to the hundreds of recipients of social assistance who kindly submitted to one more interview.

Research Staff

Ted Genet Harvey	Project Director
Alwyne Graham	Research Assistant
Valorie Groskind	Research Assistant
Barbara Woolley	Research Secretary

Consultants

Lewin and Miller, Statistical and Economic Consultants

TABLE OF CONTENTS

Page

PREFACE

SECTION ONE

I. INTRODUCTION 1

A. The Rent Race 1
B. Another Study 5
C. What This Report Represents 8

II. RESEARCH STRATEGY AND METHODOLOGY OF THE STUDY 12

A. Overview 12
B. The Populations Studied 13
C. Sampling and Survey Procedures 15
D. Determining the Cost of Shelter 17
E. The Measurement of Income 18
F. Assessing Housing Quality/Housing Adequacy 21
G. Measurement of Other Variables 23
H. Projecting 1974 Estimates for our Data 23
I. The Assessment of Hardship and Budgetary Adequacy 24
J. Methodology of the Policy Analysis 29

III. HOUSING QUALITY AND HOUSING ADEQUACY AMONG SOCIAL ASSISTANCE RECIPIENTS 30

A. Introduction 30
B. Dimensions of Housing Quality and Housing Adequacy ... 32
C. The General Prevalence of Sub-standard Housing 43
D. Discussion 46

IV. THE COST OF SHELTER AND THE SUFFICIENCY OF FAMILY BUDGETS. 48

A. The Basic Questions 48
B. The Cost of Shelter 49
C. The Adequacy of Family Budgets 59
D. Discussion: Shelter Cost, Shelter Shortfall and Family Budgets 62

V. SOME ESSENTIAL CONCLUSIONS REGARDING HOUSING AND SOCIAL ASSISTANCE RECIPIENTS IN METROPOLITAN TORONTO 65

A. The Cost of Good and Sub-standard Housing 66
B. The Joint Impact on Families of Sub-standard Housing and Shelter Shortfall 69
C. The Shape of Things to Come 72
D. Discussion 75

Page

SECTION TWO

VI. OVERVIEW OF THE POLICY ANALYSIS 77

A. The Major Policy Questions and the Relation of Supplementary Allowances to Other Policy Initiatives. 77
B. Methods of the Policy Analysis 80

VII. DESIGN, COST AND EFFECTIVENESS OF A REMEDIAL SUPPLEMENTARY ALLOWANCE PROGRAM 83

A. Objectives and Design Features of an Optimal Supplementary Allowance Program 83
B. Some Specific Design Features Desirable in a Supplementary Allowance Scheme 86
C. Designation of Budgetary Constraints and Delineation of an Optimal Rate Structure 88
D. The Cost of Supplementing Shelter Allowances 91
E. Effectiveness of the Supplementary Allowance Program 93

VIII. FINDINGS AND RECOMMENDATIONS 96

A. Findings of the Study 96
B. Recommendations of the Social Planning Council of Metropolitan Toronto 100

APPENDICES

A. Survey Response Rates and Weighting Procedures

B. Sources of Income for General Welfare and Family Benefits Recipients

C. Housing Standard Recommended by the Federal-Provincial Task Force on a Developmental Approach to Public Assistance, 1971

D. A Comparison of Actual Shelter Costs and Other Statistics for Social Assistance Families in December 1973 with Projections for Calendar 1974

E. Computation of Standard Family Budgets

F. Family Budgetary Standards in Relation to the Economic Council of Canada/Dominion Bureau of Statistics and Relative Poverty Lines

G. A Comparative Analysis of Hardships Faced by General Welfare and Family Benefits Recipients

H. Some Cautions Regarding Estimates of Program Cost

I. Glossary

PREFACE

This report is part of a larger study of families on social assistance in Metropolitan Toronto. The study is focused directly on the housing experiences of social assistance families and individuals currently receiving benefits from Metropolitan Toronto -- some 15,600 families and individuals receiving benefits under The General Welfare Act, and some 15,800 families and individuals receiving benefits under The Family Benefits Act. It deals with the quality and adequacy of their housing, what they pay for the shelter they have, and the extent to which high rents and low incomes prevent family budgets from meeting basic needs. It deals as well with the question of selecting and designing appropriate remedial policies.

The study was commissioned by the Municipality of Metropolitan Toronto Social Services and Housing Committee, in order to answer a variety of basic questions about housing and incomes. Most essentially, they desired a study:

> "...of present rents being paid by public assistance recipients ... with a view of assessing the amount of additional rent required to bring shelter allowances closer to a realistic amount."[1]

Our approach to this research problem has been to view the questions of inadequate allowances for shelter and general budgetary inadequacy as closely interconnected, and to examine these matters together, in a framework that might readily allow for the generation of policy recommendations. In a similar fashion, housing quality and housing adequacy have also been treated as an integral part of our analysis. Thus the study has unfolded gradually to deal with such matters as the housing situations of social assistance roomers, the prevalence of unsafe housing, and so on. Because certain of our findings have been quite clear, a number of policy recommendations are presented in the final chapter of the report. These are the recommendations of

---

1. Report on Emergency Shelter and Related Problems, p. 10, Metropolitan Toronto Housing and Social Services Committee, September 17, 1973.

the Social Planning Council of Metropolitan Toronto, as formulated by the research staff and approved by its social issues committee and board of directors.

Needless to say, the question of adequacy of social assistance allowances is a sensitive one. Not surprisingly, many people have preconceived views which exaggerate their ideas about what social assistance is like, and about how well off or badly off social assistance recipients are (or should be). Our response to researching such a sensitive area has been to rely on a rigorously scientific analysis of reasonably exact data for answers to the factual questions we wish to answer. Thus, we have pursued the collection of our data in a very careful way, through sample surveys and through other methods, and with the advice and collaboration of experienced economic and statistical consultants.

We expect, therefore, that our findings, presented in Section One will help to eliminate most controversy about such questions as: "How adequate or inadequate is the housing occupied by social assistance recipients?" "How many families on social assistance pay more for shelter than they are allowed?" "How large is the gap between rents and shelter allowances?" "Which families are most affected by high rents?"

What should be <u>done</u> about the present situation, a matter on which we focus in Section Two of our report, will probably remain an area of controversy regardless of our findings. We hope, nonetheless, that the report and its recommendations will be appraised carefully by those who read it, and that it will be of value to policy makers in remedying the sometimes severe shortcomings we have noted in the present system of social allowances.

The report is organized in the following way:

Section One comprises five chapters which focus on answering major factual questions regarding housing and the social assistance family in Metropolitan Toronto.

Chapter One constitutes a brief introduction to the major underlying concerns of the study. It deals with the overall issues of rents and social assistance, the objectives of the study, the relation of this report to other studies, and the format of the report.

Chapter Two deals with the research strategy and methodology of the study. It explains our view of the major issues encompassed by the research. It also catalogues the survey, measurement and other procedures we have followed in answering the major research questions. Most importantly, it explains our statistical projections, and the relatively conservative positions we have taken in assessing income, hardship and shelter shortfall.

Chapter Three focuses upon the quality and adequacy of housing occupied by social assistance recipients. Here we examine the extent of crowding, access to standard housing, safety and danger in housing, and sharing as factors in the overall housing consumption of social assistance families.

Chapter Four deals with the cost of shelter and the extent of shelter shortfall. Here we ask: "What are the shelter costs faced by families on social assistance?" "How many experience shelter shortfall?" "What is the total amount of shelter shortfall experienced by social assistance recipients in Metropolitan Toronto?" "What is the impact of shelter shortfall on the adequacy of family budgets?"

In Chapter Five we briefly review and discuss the empirical findings of our analysis, focusing our analysis on the policy implications of our findings. Here we direct our attention to the interrelation of inadequate housing and shelter shortfall, to the probable changes in housing occupancy and status likely to occur during the coming year, and to a comparison of the viability of increased construction of rent-geared-to-income housing and supplementary shelter allowances as long term and short term remedial measures.

Section Two comprises three brief chapters which focus on a policy analysis of the housing inadequacy, shelter shortfall and budgetary inadequacy problems.

Chapter Six highlights the foremost policy questions considered and the methods of the main portion of the policy analysis: the design of a supplementary allowance.

In Chapter Seven we turn to the question of designing and testing an optimal remedial supplementary allowance program. Here we first define our objectives in terms of an integrated approach to ensure the adequacy of family budgets, and outline certain desirable features of a supplementary allowance program. Then we use survey data and a computer simulation to examine the probable cost of a system of supplementary allowances. Here we deal with several basic issues: the outer limits of cost of a supplement to eliminate shelter shortfall; the impact of rent increases on probable program cost; and the cost of supplementary allowances to raise family budgets to an adequate level. Additionally, we take a close look at the effectiveness of supplementary allowances -- the extent to which proposed supplementary allowances actually succeed in eliminating shelter shortfall and in making family budgets more viable.

In Chapter Eight we briefly summarize our findings in light of the policy questions noted in Chapter Six, and set forth a series of basic recommendations. These recommendations relate primarily to housing supply and to implementation of a program of supplementary allowances. These are the recommendations of the researchers and of the Social Planning Council of Metropolitan Toronto as approved by the Board of Directors.

Every attempt has been made in these chapters to present the report and its findings in a straightforward, simple fashion. Yet the research questions themselves are complicated, and the analysis has many facets. The reader who wishes to fully understand the underpinnings of our conclusions, the strengths of our methods, and the limitations of the study will wish to read each section carefully. At the very least, the reader will be advised to read these portions of the report: Chapters I, II, V and VIII.

SECTION ONE

HOUSING AND THE SOCIAL ASSISTANCE FAMILY IN METROPOLITAN TORONTO

I. INTRODUCTION

A. The Rent Race

Tens of thousands of families living in Metropolitan Toronto today are caught up in what might well be termed 'the rent race'. Most of these people have middle incomes that at one time might have afforded a clearly adequate style of living, but that are precariously low in a time of rampant inflation. Still others have low incomes that allow little or no room for increased allocation to housing. Both groups are hard pressed by the realities of the housing market. Most know that they will never be able to afford the security of owning their own home. Most are probably unable to understand the forces which prevent fulfilment of often modest housing aspirations. In the low income group, many are now paying far more for housing than they can actually afford, with the result that money is shifted from food and other essential family needs.[1]

---

1. This phenomenon -- of families paying more than they can afford for housing -- has been broadly documented. See: "Housing and Incomes Policy", Chapter 12 in A Study of Housing Policies in Ontario, Ontario Welfare Council, October 1973; Housing and Social Policy in Ontario, Ministry of Community and Social Services, March 1973; Is There a Case for Rent Control? Proceedings of a seminar on rent policy, Canadian Council on Social Development, 1973.

   Following release of the Ontario Welfare Council study The Toronto Star commented as follows in a strong editorial titled, "Children Going Hungry at Night":

   > "There are children in Ontario who go to bed hungry at night because their parents have to pay more than half their income for a place to live.
   >
   > The outrageous shortage of decent housing at a modest price for lower-income families is the most shocking conclusion in the 12-volume housing study published today by the Ontario Welfare Council.
   >
   > Its condemnations make clear -- once again -- that Queen's Park is long overdue in undertaking a crash program to meet this need.
   >
   > Ontario Premier William Davis and Housing Minister Robert Welch simply cannot stall any longer. Faced with the plight of Ontario's poorest families, there's no time left for more studies, surveys, reports and task forces. It's time to recognize that this is a true emergency which can only be solved by crash programs on a large enough scale to assure that everyone in this affluent province has adequate housing at a price he can afford to pay. Never was a need more urgent." (January 10, 1974)

THE RENT RACE, as we have called it, is the race to keep income available for housing at least even with rising rents. It is a contest which is dramatically influenced both by the general level of inflation and by inflation specific to rents.

Recently, of course, the rising cost of homeownership has been more dramatic than that of rents and has dominated popular concern with housing in Toronto. We have good reason, however, to believe the rent race is 'warming up' and that very high rates of rent inflation will soon displace the apparently moderate (in comparison with overall inflation) rates evidenced in Toronto and across Canada during the past several years.[2] The rent race may just be starting, but many have lost it already.

---

2. Several views support this expectation. The first derives from an expectation that increased demand for rental housing will create an environment in which landlords may demand significantly higher rents. The second view has to do with actual increases in cost: as construction costs rise, and as the value and cost of existing housing stock increases, real costs may force entrepreneurs to raise rents. Finally, we have already found (in a rough analysis of our own data) much higher rates of rent inflation facing our sample of social assistance recipients than prior Statistics Canada indicators would allow.

   Michael Dennis raises another issue which should not be ignored, the possibility of significant planned increases in rent by large landlords and developers. This report appeared in The Toronto Star:

   > "Housing expert Michael Dennis, hired by the city to help set up a housing department, predicted yesterday that Toronto landlords would boost rents by 10 per cent 'right across the board' before the next civic election.
   >
   > Dennis suggested that developers could be expected to charge that the 45-foot height bylaw and other rent curbs create a tight housing supply, forcing rents up, and that "in order to get rid of this 'radical stop-progress, stop-development' council, the development industry will take drastic measures." (January 16, 1974)

   Central Mortgage and Housing Corporation officials and landlords alike have predicted a severe apartment shortage, zero vacancy rates and rapid increases in rents. (Toronto Star, p.1, March 8, 1974)

Most of the losers in the rent race are beaten before they start, because of low retirement incomes, low wages, uneven employment, disability or other reasons. Of these the families and individuals receiving Provincial social assistance (Family Benefits) and Municipal social assistance (General Welfare) are possibly the most pressed (95.4% are renters). These are the casualties of social change, victims of fluctuations in the business cycle and so on. Many have been fully productive members of the work force in the recent past[3] and will be so again. Thirty eight per cent of all cases on social assistance are mothers with dependent children and, not surprisingly, the largest population group is comprised of children. In Metropolitan Toronto 30,354 children are found among 37,000 families and individuals receiving Provincial and Municipal social assistance.[4]

Unlike those who command important resources or those who provide essential services, those on social assistance cannot respond to increased rents and food prices by bartering or negotiating for increases in pay. Being mostly very old or very young, or poorly educated, they can have only little influence over what happens to them. What they actually receive in the way of social allowances is for the most part determined by political and economic forces beyond their control.

Generally, the allowances these families and individuals have received have been too little to meet their needs, and increases[5] have been

---

3. This is especially true of the General Welfare population. In all 6,550 out of 31,400 GWA and FBA recipients have been in the work force during the past twelve months. Interestingly, our survey showed 51.5% of GWA and 26.9% of FBA recipients hoping to work in 1974.

4. This figure includes single unattached individuals in the social assistance population and covers <u>all</u> Family Benefits cases in Metropolitan Toronto.

5. Our analyses lead us to this conclusion, even in light of recent changes in social assistance rates and family allowances. (See Chapters II and IV below.)

too little to offset the current rate of inflation. What they have been given to purchase shelter has made most of those not in public housing automatic losers in the rent race.[6]

This study concerns itself with the housing situation only of those on social assistance.[7] Some of our analyses may illuminate housing and budget problems of low income groups generally, but our objective here is to concentrate solely upon the problems of the 37,000 families on social assistance in Metropolitan Toronto. We hope that this report will answer five basic questions pertinent to the problem of providing adequate budgets for housing social assistance recipients in Metropolitan Toronto:

1. What is the situation of Toronto social assistance recipients with regard to housing? What do they pay? What do they get for what they pay?

2. What is the extent to which high rents result in 'Shelter Shortfall' -- the allocation by a family of a greater budget for shelter than it receives? And to what degree are family budgets thus rendered inadequate for the satisfaction of basic needs?

3. What objectives and characteristics are desirable for a program which supplements shelter costs and family budgets to bring them to a reasonable level?

4. What is the probable cost of a program which supplements shelter allowances and family budgets to raise them to a reasonable level?

---

6. This generalization is supported by a variety of existing research already noted (see footnote 1, page 1). The following material, then, is designed not so much to test this generalization as to chart its more exact dimensions.

7. We do not mean to imply that other hard-pressed groups do not merit attention. Rather, we concentrate here on those on social assistance largely because of our belief that hardships faced by this group make it the highest priority. In the conclusion we will comment upon the need for further examination of other groups, especially those in retirement, and the working poor.

5. Can an adequate remedy for the shelter shortfall and budget problem be found in the authority available to Metropolitan Toronto to provide supplementary special assistance to social assistance recipients?

Each question requires relatively precise and current answers for the design of appropriate remedial policies. Precise answers are necessary so that changes in policy, if any, are carefully measured to satisfy needs in the most adequate and cost-effective manner. Current answers (and indeed answers which will apply in the immediate future) are required if new policies are not to be quickly outmoded.[8] With precise and current answers to these five basic questions in hand, we suspect that the Municipality of Metropolitan Toronto will be able to produce adjustments that will allow social assistance recipients a fair chance in the rent race, and generally more adequate budgets as well.

B. Another Study?

Study on top of study -- they pile up on the policy-maker's desk. Universities, governments and private agencies crank them out ceaselessly, and often we hear ourselves saying: "Enough studies, now is the time for action." (See for example The Star editorial we quote in footnote 1, page 1.) Concern of this sort is often well placed. Therefore, we must ask ourselves: "Is this just another study?"

---

8. Much of the research pertinent to these questions is quite out of date. The recent Ontario Welfare Council report, A Study of Housing Policies in Ontario, bases most of its discussion of incomes and housing policy on the Province's report, Housing and Social Policy in Ontario (Ministry of Community and Social Services). That report, while highly useful, is based on now relatively 'stale' data collected by the Province in 1972. In light of current rapid fluctuations in prices and income, this time lag seems too great for careful appraisal of incomes and housing data.

We think not. Rather, we have viewed our task as mission-oriented, and closer to the demands of operations research than to those of an 'academic' undertaking. This orientation derives largely from the programmatic rationale for the project: it is a study designed not just to catalogue misery, but rather to help determine (as we do in Section Two) precisely what the remedy and dosage should be to alleviate the problem. As such The Rent Race should be viewed as complementary to other, more global studies of housing.

Many of the questions dealt with here in very specific ways are discussed in much broader terms in other studies. (The recently published Ontario Welfare Council review, A Study of Housing Policies in Ontario, is an excellent example, and one which distills a considerable volume of excellent but dated information on the housing statuses and problems of social assistance families in Ontario.[9]) Many of the questions underlying this research may also have 'rough' or intuitively satisfying answers in the minds of policy makers, citizens, and analysts. We may 'know', for example, or feel certain, that social assistance recipients pay more than they can afford for housing. We may 'know' that budgets are generally inadequate. We may 'know' that their housing is generally low in quality. But when it comes to questions of formulating remedial policies, more precise questions must be answered: "How many live in sub-standard housing?" "How many pay more than they can afford for shelter?" "How much more do they pay?" "What is the optimal rate structure for a supplementary allowance to relieve shelter-shortfall-induced hardships?" "What will a program of supplementary allowances cost?" "Can supplementary allowances alone really remedy the situation?"

---

9. A Study of Housing Policies in Ontario, Ontario Welfare Council, November 1973. That study derives most of its information as to the housing status of low income groups from a report prepared by the Ministry of Community and Social Services in 1972. This Provincial study is based on 1972 and older data. See footnote 8, page 5.

We are aware of no other study of the housing and income status of social assistance recipients in Canada which attempts to deal with these questions in such an exact fashion.[10] Other studies have outlined the problem in broad terms, but most of these studies have been of very broad scope, or limited by poor sampling or measurement procedures, or by a failure to link assessment of need or budgetary requirements to a clear, quantified indicator of budgetary adequacy.[11]

In this study we have made every attempt to eliminate the aforementioned weaknesses: a professional survey research organization has been used to generate the data used in our analysis; measurement procedures have been developed to provide a highly accurate picture of housing adequacy, shelter costs and income; a budgetary standard has been developed and applied in a computer simulation to the assessment of budgetary adequacy and shelter/income ratios; a non-linear programming model of the shelter supplement problem has been included in our analysis; econometric and statistical consultants have collaborated closely in the design of measurement and analytical procedures.

These steps, all taken together, work to make this study quite different from others which have dealt with similar matters. Its end goal is the design, where necessary, of a program of supplementary allowances which will deal in an adequate manner with the task of relieving hardships, and in such a way that the greatest possible reduction in hardship is purchased for each dollar of supplementary allowance allocated.

---

10. The reader is directed, however, to one especially rigorous study which provided valuable insights to the researchers designing this study. See: Davis C. Neave, Housing Survey of Social Assistance Recipients in Calgary, City of Calgary Social Services Department, March 1973.

11. In our opinion, this assessment applies in one or more respects to each study noted above (footnote 1). The Province of Ontario study is the soundest of these, but it shares with each of the other studies a failure to link assessment of need to a sound indicator of budgetary adequacy.

C. What this Report Represents

1. Relation of this Report to the Interim Report

This report supersedes the interim version of The Rent Race released in January 1974. For those who have read the interim report, it may be worthwhile to note here the major continuities and discontinuities between the two reports.

The analyses presented here differ from the earlier report in these major respects: First, this report is based on our final sample of 567 personal interviews, whereas the interim report was based on preliminary returns from 462 interviews.[12] Second, we have been able to supplement our survey analysis with observations taken from case file data for 1162 GWA and FBA recipients. Third, our policy analysis review of the establishment (Section Two of our report) of a scheme of supplementary allowances for social assistance families with shelter shortfall has been informed by input from a non-linear programming model of the shelter supplement problem. Finally, a more sophisticated procedure has been used to estimate the proportions of social assistance families living in public as opposed to private housing.

Not surprisingly, (especially in light of the first and last modifications noted above) our final analyses present statistics which occasionally differ in small degree from those of the interim report. In each case we judge the final estimates to be more accurate, but the reader's job will be easier if he or she is alerted here to the fact that no major conclusion or statistical result of the interim report is significantly changed in the final report.

---

12. Initially, a sampling plan was chosen which called for 652 completed interviews, to achieve a goal of +15% accuracy in the estimation of shelter shortfall. Initial survey results, however, indicated smaller than expected standard deviations in shelter shortfall. Thus we have been able to reduce our sample requirements and still obtain the desired level of accuracy in our estimates.

At the same time, however, the final report has been reorganized and expanded to present considerable material not included in the interim report. These modifications are as follows: The report as a whole has been divided into two major sections, the first dealing with the more strictly empirical questions examined regarding housing and social assistance families in Metropolitan Toronto, and the second dealing with the policy and program issues surrounding the design of a system of supplementary allowances and other major policy questions. New sections have been added to the chapter on "Research Strategy and Methods" to deal with the population studied, sampling and survey procedures, and the assessment of housing quality. A chapter has been added to explore in a careful way the quality and adequacy of housing occupied by social assistance families. Appendices have been added which deal with more of the technical aspects of the study, for example: survey response rates; methods used to update the Guides for Family Budgeting; the relationship between the budget standards used in our analyses and the ECC-DBS and relative poverty lines.

Speaking of the interim report in its first chapter we noted:

> It highlights in an important way the basic issues involved in assessing shelter shortfall and budgetary hardships, and it answers the most pressing of the research questions assigned to us. As it stands, this interim report provides substantial guidance for the initial steps in assessing the need for, designing and developing a supplementary allowance program.

None of this usefulness is diminished in the final report. Rather, in many of the respects noted above, the utility of the final report is much greater.

2. Questions Not Dealt with and Questions Dealt with only in brief

Several matters which concerned us in designing the overall research project will not be dealt with in this report. Thus, discussions of exploratory work on such secondary research objectives as attitudes towards public housing, shelter emergencies, and landlord-tenant relations will be

reserved for later reports.

Other matters of central importance to the preparation of this report are still discussed only in brief because of their independent significance, and because of the limited space available in this document. Thus, for example, we are greatly concerned with inflation and the impact upon family budgets of changes in the Consumer Price Index: accelerated changes in the general cost of living interact in a potent fashion with shelter costs to intensify family budgetary hardships. However, we do not devote space to a detailed discussion of these matters since they are one step removed from our primary research focus. In a related sense, our treatment of rates of rent inflation is limited because our survey data (taken at only one point in time) allow only limited inference as to the overall rate of change in shelter cost, and because explanation of the rate of rent inflation is not within the scope of this study's objectives.

A more important matter, which we deal with only in brief, is the general area of income security. We observe, on the basis of our analyses of family budget requirements and income flows projected for 1974 for the social assistance population, that Provincially set rates of social assistance are deficient in two significant respects.[13] First, we note that basic allowance rates are startlingly inadequate when appraised in light of family budgetary needs. (This assessment holds even in light of the 1974 increases in Provincial social assistance and in Federal Family Allowances.) Second, we note that the allocation of allowances to families of varying size and composition is less than fully equitable as regards satisfaction of basic needs.[14] Nonetheless, we will not pause here to criticize in detail the Province's system of basic social allowances. We see such a review as a necessary, but larger undertaking, better dealt with in a dif-

---

13. We note here, for the reader's possible information, that the Province sets the basic social assistance rates for GWA as well as FBA recipients. See: The Family Benefits Act and Regulations, Ministry of Community and Social Services, June 1972, and The General Welfare Assistance Act and Regulations, Ministry of Community and Social Services, January 1973.

14. We mean by this that allowances satisfy basic needs of some family sizes or types much more adequately than others.

ferent context than that of this report. Rather, we deal with the Provincial structure of social allowances by indirection only -- by outlining a plan for the Municipality of Metropolitan Toronto to remedy now certain deficiencies which exist in the Provincially determined social assistance rates.

The related larger questions of guaranteed annual income and the current Federal-Provincial review of income security (and the implications of these for the problems dealt with here) are also dealt with only peripherally.

3. Technical Discussions

Technical discussion in this report is purposely minimized. Nor is any detailed discussion presented in the text regarding mathematical treatment of the case-file or survey data, as it is thought that such material would simply distract from a brief and clear examination of the main questions before us. (But considerable technical data and discussions are presented in the appendices.)

All tables involve only simple statistics. In most tables, for example, averages, or raw frequencies or numbers of cases falling into certain income or shelter cost categories are shown, along with simple percentages. To clarify policy and program implications, all reports of frequencies have been weighted in such a way that estimates are made for the population as a whole (a total of N = approximately 31,400 GWA and FBA cases currently on the Metropolitan Toronto caseload), rather than just for the samples we have surveyed.

Certain terms which are slightly technical in nature or which have specific or unusual usages in this report are noted in a brief glossary (Appendix I) for the convenience of the reader.

II. RESEARCH STRATEGY AND METHODOLOGY OF THE STUDY

A. Overview

The research strategy of this study has been characterized by simultaneous movement on these several fronts:

1. Development and implementation of a plan to collect highly exact data on shelter costs of social assistance recipients and such other data as might be essential for the analysis, (housing quality and income, for example).

2. Development of a computer model to project estimates regarding these data into the immediate future (calendar 1974)

3. Development of a replicable set of criteria of housing quality and housing adequacy.

4. Development of a set of criteria of hardship and budget adequacy suitable for determining the current level of hardship facing social assistance families, and for defining objectives of an optimal supplementary allowance scheme and testing the effectiveness of alternative supplementary allowance schemes.

5. Development of a computer simulation model to test the cost of alternative shelter supplement schemes and their effectiveness in minimizing hardship as expressed by several key indicators.

6. Development of a non-linear programming model of the shelter shortfall problem to design a rate structure for supplementary allowances which achieves maximum efficiency in reducing hardships.

Put simply, we have attempted to do these things: First, we have attempted to determine the current housing and income situations of families receiving General Welfare and Family Benefits in Metropolitan Toronto. Especially we have focused upon assessing the quality and cost of housing, and the impact of excessive shelter costs upon family budgets. Second, we have endeavoured to transform these data in such a way that we may view them as we expect them to exist in the near future. (We have chosen a model which projects changes in these data for calendar 1974, in order to diminish the danger of our analysis being outmoded before they are acted upon). Third, we have attempted to develop standards of hardship and budget adequacy which might be used to help determine who should benefit first, and how

much, in any supplementary allowance scheme, and by what overall factor we wish a supplementary allowance scheme to reduce hardship in the social assistance population. Fourth, we have applied certain reasonable views of our hardship standards to define the situation of social assistance recipients as we would like to see it after the implementation of an adequate supplementary allowance scheme. Then we have run computer simulations of various supplement schemes to determine the cost of achieving these goals under various conditions, such as variable rates of annual rent inflation. Finally, we have attempted to determine (again with a primary emphasis on need) how supplementary allowances might best be allocated among recipients, for example to families of different size, composition, etc. Our main goal in the final stages of the study (Section Two), of course, is to use our analysis as a kind of 'calculus of need', the end result of which is to be production of an optimally efficient schedule of supplementary allowance rates which might easily be adapted to on-going administrative operations.

Let us consider these components of our research undertaking in somewhat greater detail, outlining as we do so the major features of the analysis.

B. The Populations Studied

This study focuses on social assistance families receiving major or supplementary benefits from The Municipality of Metropolitan Toronto. In October of 1973 this population comprised approximately 15,600 families and individuals receiving General Welfare Assistance, and 15,800 families and individuals in receipt of Family Benefits. This is the population from which we selected the people we interviewed, and it is to this population that we generalize throughout the report.

Since the study has excluded only about 5,000 FBA cases not receiving municipal benefits, the study has significance for 85% or more of all welfare recipients in Metropolitan Toronto, and probably indirect significance for the other 15%. Because General Welfare Assistance and

Family Benefits assistance have different functions, the two recipient populations studied differ considerably in terms of family composition, reasons for receipt of social assistance, employability and so on. A few of these differences will be noted here in the event the reader is not familiar with the matter, since interpretation of our analysis is greatly affected by them.[1]

Those on GWA are more likely to be employable and in need of short term assistance. Those on FBA are generally long term social assistance recipients and unemployable (disabled persons, mothers with dependent children, and aged persons). Thus we note, for example, that 20% of all GWA single recipients and 29% of all GWA families' heads were classified as employable in July 1973 (Office of the Commissioner of Social Services, July 1973). In contrast, all FBA recipients are classified as not able to work on a full-time basis.

As can be seen in Table I, family composition also differs greatly between FBA and GWA recipients. The majority of GWA recipients are single unattached individuals. FBA recipients are more generally families. Among families too there are great differences. Mother-led families are a significant group in both populations (38% of all cases) but they are far more predominant among FBA recipients. Among GWA families of 2 or more, more than 60% are mother-led, but more than 75% of FBA families of 2 or more are mother-led.

Both populations have been shown by other studies to face severe difficulties in purchasing adequate housing, and in otherwise "making ends meet". Both populations change residence frequently, a phenomenon which both reflects and intensifies housing difficulties. Yet significant differences may also be noted in the housing statuses of the two populations. For example, FBA families are more likely to occupy public housing and

---

1. Statistics presented are drawn largely from our survey of social assistance recipients and, secondly, from official sources.

more likely to share accommodations than are GWA families.

TABLE I. FAMILY COMPOSITION OF GWA AND FBA CASES IN METROPOLITAN TORONTO.*

	GWA	FBA
Single persons	9084	6578
Families	6167	9571

*Provided by the Municipality of Metropolitan Toronto, Department of Social Services

Generally our knowledge of Family Benefits recipients has been broader, as that group has been more carefully studied in recent years. (See, for example, Family Benefits Mothers in Metropolitan Toronto, Ontario Ministry of Community and Social Services, March 1973), but our overall understanding of the two populations has been and continues to be poor.

C. Sampling and Survey Procedures

1. Sampling

The basic data collection method for the study was a survey involving personal interviews with a stratified random sample of Toronto social assistance recipients. The sampling requirements for the survey were determined as follows: We wished to draw a sample which would most efficiently allow us to estimate population levels of shelter shortfall, preferably within ±15% accuracy at the .95 confidence level. Drawing on data obtained from the Ontario Ministry of Community and Social Services, and data obtained from a study of social assistance recipients in Ottawa[2] we derived sample requirements for four strata defined by program and family size. (See Table 2)

2. The latter data was taken from the work sheets of an unpublished study conducted in March 1972 by students of the Carleton University School of Social work.

   The sampling design, it should be noted, called for somewhat greater than proportional sampling of GWA and FBA families, and for somewhat smaller than proportional sampling of individuals. See Miller and Lewin: "Optimal Sample Size Determination", Nov. 1973.

TABLE 2. INITIAL SAMPLE REQUIREMENTS

	GWA	FBA
Single Individuals	159	109
Families	156	228

Subsequently, random samples for each of the four cells were drawn from the computer records of the Metropolitan Department of Social Services. This provided a total sample of 1162 cases, which were used both in survey operations and in our analysis of case file data.

2. Survey Operations

On November 29th, 1973, a modest pilot survey (28 interviews) was conducted to test the basic survey instrument developed for the study. Later, on December 6th, 1973, our major survey operation was launched in collaboration with Market Facts of Canada. Experienced interviewers were briefed and familiarized with the research instrument and survey objectives in a full-day session. These interviewers were instructed to present themselves as representatives of The Social Planning Council, and to provide a firm guaranty of confidentiality to the social assistance recipients approached.

No significant problems emerged in the course of the survey, although the high mobility rate of the population made completion of interviews for some cells much more difficult than for others.[3] (See Appendix A). Interviewing continued until Christmas, stopped, and then resumed in Mid-January, 1974. In all, 567 valid interviews were collected, and the survey work continued over about 7 weeks.

---

3. Our analysis shows 42.5% of social assistance families to have changed residence once or more in the last year, or about twice as great a percentage as in the population as a whole. This, of course, is a statistic derived from a weighted analysis of our survey data which attempts to offset survey non-response, <u>including</u> that associated with mobility. Nevertheless, it probably underestimates population mobility rates.

D. Determining the Cost of Shelter

Accurate estimation of shelter costs paid by families and individuals on social assistance is the core component of the research. Only if we have accurate data on shelter costs can we calculate shelter shortfall. Only if we have a clear fix on the magnitude and pattern of shelter shortfall can we determine the extent to which social assistance families require supplementary shelter allowances. All of these inputs are necessary to predict the probable cost of a supplementary allowance scheme.

We have measured shelter cost in two ways. First, and most importantly, we conducted 567 personal interviews among a stratified, random sample of some 1162 families and individuals in the Metropolitan Toronto Department of Social Services caseload.[4] It is on these data that the bulk of this report is based.

For our second approach to the analysis of shelter costs, we have undertaken an analysis of data available in case files for the same 1162 cases. This second analysis was designed to investigate certain programmatically significant questions relevant to the reporting of shelter costs, and secondly, to validate estimates derived from our survey. For various reasons we expect the survey data to be somewhat more reliable than the case-file data, and so it is these data with which the subsequent analysis will be principally concerned.

In our interviews we have measured shelter costs in this way. First, we have attempted to estimate an average monthly shelter cost for each individual or family in our sample. This involves an unweighted summation of those components of shelter cost designated by the Provincial government as allowable under the shelter allowance: rent (or in the case of homeowners, mortgage payments and taxes), fire insurance, and fuel and

---

4. These interviews were completed by professional interviewers who were directed by an established research firm (Market Facts of Canada), with the entire undertaking (field procedures, quality control and coding) being closely supervised by a team of researchers from the Social Planning Council.

utilities where these are included in rent.[5] In the case of families sharing accommodation[6] (31.9% of all social assistance families or individuals are in shared accommodation) we have made a rigorous attempt to measure and 'net out' any contributions towards housing expenses made by persons with whom accommodation is shared.

Our measurement of shelter cost has another facet. In addition to the above measurement of shelter cost, we measure certain shelter costs which are not covered by the Provincially defined shelter allowance. These expenses falling under our extended definition of shelter costs include costs such as: tenant expenditures for painting, repair and upkeep; owner repair and upkeep not paid for by the social assistance program; overlapping rents when those must be paid for at time of moving; costs incurred for emergency shelter; moving costs not reimbursed by the social assistance program; and deposits lost to landlords. These extended shelter cost factors exert a small, but noticeable influence in affecting real shelter costs, such that we comment on them in our general analysis of shelter cost. We have also viewed the cost of utilities as a potentially interesting area warranting analysis, and comment on this as well. Our main analyses, however, always focus on shelter cost as currently defined by the Family Benefits Act and the General Welfare Assistance Act.

E. The Measurement of Income

Income is another variable which is central to our analysis. It is equal to shelter cost in importance, because it is through income that we calculate the hardship indicators used to assess the need for supplementary allowances. As will be noted below, this is done in two ways:

---

5. Home repairs for owner-occupied homes are an allowable expense under the General Welfare Assistance Act and Family Benefits Act. They are not dealt with here, however, as they are permissive components of shelter, paid directly by the appropriate administrators.

6. Sharing for our purposes includes any joint accommodation with persons who are not treated as part of the case-family for administrative purposes. The case family is defined as all those included in the calculation of social assistance payments.

(a) through the calculation of individual and group shelter ratios; and (b) through the calculation of budget ratios indicating the extent to which family incomes are adequate to meet needs for shelter, food, clothing and so on. Since much of the validity of this analysis hinges upon accurate and complete assessment of income, we have given this matter especially careful attention.

It is our opinion that many previous studies of income and housing among the poor (most of which have relied on overly simple survey procedures, outdated census tract data, etc.) have underestimated incomes to a significant degree, thus producing findings of somewhat higher shelter ratios than exist in reality. The extent to which this is true cannot be demonstrated here, but the following factors explain the problem.

First, people at all income levels have difficulty in recalling accurately what income they have received over any lengthy period such as a year. This is less true for those with stable incomes or fixed salaries, but such error in recollection introduces considerable downward bias into simply derived estimates of income. This error is likely to be pronounced among those on social assistance because of the complicated income flows they experience.

It should be especially apparent that income flows of GWA recipients will be highly complicated, since in most cases they will only receive social assistance for a short time, and since they will usually have had significant employment income during the year prior to going on social assistance.[7] Many of those on social assistance have complicated or "checkerboard" histories of working, going on social assistance, going off social assistance to work and so on; many of those living solely on transfer payments are shifted from one program to another, or receive money from more than one agency. Secondly, severe errors in income estimation can result when gross and net income from earnings are confused in

---

7. See Appendix B for a description of the composition of GWA and FBA income flows.

the minds of people being interviewed (or worse, muddled by the interview). Thirdly, certain forms of genuine money income, which we wish to 'capture' for purposes of measuring hardship, may not be reported as income simply because it is not taxable income. This undoubtedly applies to non-reporting of family allowances in previous studies. Fourthly, income may not be reported because it falls into a category which is not asked about. This is undoubtedly a significant factor affecting the power of studies which have asked about earnings and welfare payments, but not such other income flows as rents, child support payments, unemployment insurance and so on. Finally, some income goes unreported among all income groups because of efforts to minimize taxes.[8] We expect that most of this last income is hidden in reports to surveyors, ourselves included.

We have responded to these problems in several ways designed to produce more exact estimates of families' income. Total income for 1973 has been derived from a complicated battery of questions that probes twelve distinct income flows[9] for the last calendar year and for a recent month, and that probes differences in level of net and gross earnings. Additionally, we have introduced "correction factors" to offset error in recalling income, and to adjust for non-reporting of earnings,[10] and we have produced our own calculations of families' entitlement to Ontario tax credits. These steps taken together provide us with a stringent model for the estimation of income which is unlikely to result in downwardly biased estimates of family income.

---

8. In the social assistance population such efforts, of course, may include occasional efforts to avoid the reduction in welfare benefits required by increased earnings.

9. These are: earnings of the head of household; earnings of spouse (if any); earnings of dependents (if any); Family allowances; alimony and child support payments; General Welfare Assistance; Family Benefits; pensions; unemployment insurance; rent from boarders; other rent; other sources of income. Calculations of total income included offsetting deductions of 40% and 60% respectively for income from renters and boarders, to account for overhead expense. All figures are net of taxes where taxable income is involved.

10. A correction factor of +20% was applied to all earnings to account for recall error. A correction factor of +5% was applied to correct for hidden income.

F. Assessing Housing Quality/Housing Adequacy

1. Housing Quality and the Adequacy of Housing

One of our prime research objectives has been to assess the quality and adequacy of housing occupied by social assistance recipients. This is an important feature of the study since in several ways it gives deeper perspective to our policy analysis. It extends our review of social assistance families' housing problems along a dimension which is largely independent of shelter cost. Thus, for example, a finding of severe inadequacies in social assistance families' housing might lead us to a more diverse set of policy conclusions than one saying we should simply supplement shelter allowances. Similarly, we cannot dismiss out of hand the possibility that many families are facing severe shelter shortfall because of over-consumption of housing, and so we address ourselves to this matter as well. Also, it seems important to determine the extent to which large amounts of public money are used to subsidize sub-standard or inadequate housing. The policy relevance of such an analysis seems indisputable.

But to measure housing quality/housing adequacy is no simple matter. A standard of housing must be established by the researchers, and then a complicated series of observations taken and combined. Each of these matters is difficult. Standards are only formulated with difficulty, and unavoidably reflect value-laden positions. Standards are complicated because of the many aspects of housing which may affect quality or adequacy. Observation of housing quality is time consuming and potentially far less reliable than measures of such variables as shelter cost and income. Eventually the observations collected must be combined into one index if an overall assessment of housing quality/housing inadequacy is to be made, a task which may be complicated by uncertainty as to the best weighting for each aspect of housing quality. (Should equal importance, for example be attached to crowding and to structural deficiencies of the dwelling?)[11]

---

11. These problems are endemic to the measurement of complex phenomena and often can only be solved even arbitrarily with complicated mathematical treatment. See, for example, Chapter 6 in J.B. Lansing and J.N. Morgan, Economic Survey Methods, Institute for Social Research, U. of Michigan, 1971; C. Selltiz, et. al., Research Methods in Social Relations (rev. ed), New York, Holt, Rinehart & Winston, 1961. Duncan outlines a large number of scoring systems for the measurement of housing quality in Measuring Housing Quality, A Study of Methods, Centre for Urban and Regional Studies, U. of Birmingham, 1971

We have resolved these difficulties in only a rough fashion, but one which draws heavily on the experience of other housing studies[12] and one which is more than satisfactory for the object of this analysis. Following the Housing Survey of Social Assistance Recipients in Calgary, we have attempted to approximate in a rough way the basic standards recommended by the Federal-Provincial Task Force on a Developmental Approach to Public Assistance.[13] These encompass standards of adequacy regarding each of these major dimensions of housing adequacy: structural conditions; occupancy patterns; safety; and facilities (bathrooms, heat, cooking space, etc.) Thus our survey has collected extensive data on each of the following:

1. crowding (we have used measures based on the number of persons per room and bedroom, rather than the Task Force's recommended standard square footage per person);

2. major structural deficiencies such as sagging roofs, sloping walls and poor foundations;

3. safety features such as the adequacy of fire exits;

4. secondary structural deficiencies such as deteriorated or damaged walls, floors or ceilings, missing shingles, broken windows, sagging porches and poor paint;

5. access to and sharing of basic required facilities such as bathrooms, cooking facilities, central heating;

6. neighbourhood and environmental characteristics.

In Chapter Three we will outline the exact fashion in which these data have been used to approximate the Task Force's recommendations. This will be done for each of the six major areas of housing adequacy noted above,

---

12. See: T.L.C. Duncan, Measuring Housing Quality, A Study of Methods, Centre for Urban and Regional Studies, U. of Birmingham, 1971; and Davis C. Neave, Housing Survey of Social Assistance Recipients in Calgary, City of Calgary Social Services Department, March 1973. In developing our instruments attention was also given to the methodology of the Province of Manitoba's Study of the Housing Conditions of Social Allowance Recipients in Metropolitan Winnipeg and the Canadian Council on Social Development's unpublished study "Housing Conditions of Public Assistance Recipients in Canada, 1968".

13. Federal-Provincial Task Force, Developmental Approach to Public Assistance: Final Report to the Federal-Provincial Conference of Ministers of Welfare, Ottawa, January 1971. See Appendix C for detailed standards.

as we present the analysis for each. Subsequently we will outline a comprehensive index of housing adequacy/housing quality which combines observations on the first five areas of housing quality noted above.

G. Measurement of Other Variables

Extensive information has been collected in our survey which goes beyond that discussed above. The most significant data include:

(a) comprehensive data on utilities expenditures;
(b) data on housing emergency experiences;
(c) the respondents' feelings of satisfaction with dwelling unit and neighbourhood;
(d) respondents' experiences with landlords;
(e) attitudes toward public housing;
(f) demographic and housing status information.[14]

These will be explained as necessary whenever they are used in the report.

H. Projecting 1974 Estimates for our Data

All data presented in the following chapters are projections for calendar 1974. By this we mean that all estimates represent expected conditions in the average month of 1974. Our tables do not, for example, show rent or shelter shortfalls as they were in December 1973 (when most of our interviews were completed), but rather they show the average rent or average shelter shortfall predicted for families for all months of 1974. (Some December 1973 statistics are abstracted, however, in Appendix D for those who wish to compare the actual observations to our projections.)

This adjustment of our data is viewed as highly desirable, since it is primarily the future with which we are concerned, and wish to affect

---

14. A copy of the questionnaire may be obtained from the Social Planning Council on request.

with our policies. More bluntly, we must note that gradual shifts in certain key indices, such as the Index of real rent inflation, may have profound program cost implications which should be taken into account.

We have made these five adjustments[15] to our data to simulate housing and income statuses of social assistance recipients for calendar 1974:

1. Shelter costs have been projected in our main analysis to allow for an average rate of rent inflation of 5% during 1974 for those in the private rental market.

2. At the same time, however, the threat of an increased rate of rent inflation has led us to produce supplementary analyses based on projected rates of rent inflation of 10% and 15%.

3. Earnings components of income have been projected to increase 6% during the coming year.

4. Transfer payments have been adjusted to account for the increases for 1974 in Provincial social assistance rates, and in Federal Family Allowances.

5. Required family budgets (see II.1 below), which are used as a guide for the assessment of budgetary adequacy and hardships, have been updated to account for an expected gain in the Consumer Price Index of 9.1% during 1974.

1. The Assessment of Hardship and Budgetary Adequacy

A prime supposition of this analysis has been that in order to

---

15. Two major variables were not adjusted because of our inability to make reasonable long-range forecasts. The first, noted above, is housing quality/housing adequacy. While we are certain that social assistance families will occupy more and more low quality housing if shelter allowances fail to keep pace with rents, we have no data with which to specify such a forecast. The second variable is the size and composition of the GWA-FBA caseload itself. Clearly, variation in the size and composition of caseload is a prime concern in overall program costing. Projections of change in this area seem beyond current social-economic technology, however, so we have conducted all of our analysis based on an expected caseload identical with that found at the time of the study.

reasonably assess the need for shelter or other supplementary allowances, it is first necessary to determine the relationship between shelter shortfall and budgetary shortfall, and the relationship of each to hardship. Two important points should be noted in connection with this position: First, it underlines the linkage between incomes (and budget adequacy) and the question of supplementary shelter allowances, and urges us to view the questions of shelter shortfall and budget adequacy in a much more integrated and comprehensive framework than might otherwise be used. Second, the position is one which requires us to formulate viable and replicable standards of hardship and budget adequacy that may be examined and used by others who wish to repeat or validate our analyses.

We have chosen to structure our analyses around two related, but complementary, indicators of hardship: the shelter-income ratio (hereafter shelter ratio), which is common currency in studies of housing; and the ratio of income to family budgeting requirements, which we have termed the budget ratio.

1. The Shelter Ratio

The shelter ratio is calculated in the usual way by dividing the cost of shelter by income, and is expressed as a percentage.[16] Thus, a shelter ratio of 25% indicates that a family spends a quarter of its income on shelter, a shelter ratio of 40% indicates that a family spends four-tenths of its income on shelter, and so on. For many years, a shelter ratio of 25% has been viewed as the critical value, beyond which families suffer hardship. This indicator, and the critical value of 25%, has been widely accepted both by academics and policy makers (see Ontario Welfare Council, A Study of Housing Policies in Ontario). Ontario Housing Corporation, for example, sets most of its rents on the basis of a basic rate of 25% of income.

---

16. Additional adjustments to income have been introduced to deal with extreme cases. Thus, for example, in cases of improbably low income (which for the most part likely represents instances of social assistance recipients living off savings) we have estimated a higher income that can be no less than 25% of budgetary adequacy. This is reasonable in light of our concern with hardship, but we should note that by doing so, we further add to the somewhat conservative bias of our analysis.

Our analyses have, however, led us to note weaknesses in the shelter ratio concept which make it inapplicable to certain cases as an indicator of need. Because of these weaknesses, we have judged the shelter ratio to be a less than fully satisfactory guide to the coordination of housing and income policies, and accordingly, we have introduced a second indicator of need -- the budget ratio -- which compensates for shortcomings of the shelter ratio.

The weaknesses of the shelter ratio are ones which emerge readily when shifting our attention away from large scale statistical analysis and towards the circumstances of real families. The first weakness of the shelter ratio is that where income is high, a high shelter ratio may not indicate real hardship, because the disposable income remaining after housing expenditure is still very high.[17] This does not, of course, affect our analysis much, because of the low incomes found among our respondents. The other problems are more significant. A family may have very low shelter costs, but such a low income that regardless of its shelter ratio it experiences severe hardship. Let us illustrate this point with two examples. A family of four with a monthly income of $248 and shelter costs of $22 would have a shelter ratio of about 8%. A family of four with an income of $348 a month and shelter costs of $122 would have a shelter ratio of about 35%.[18] After paying for housing these two families have exactly the same amount of money left for necessities even though their shelter ratios differ by 27 percentage points. Such examples illustrate common problems encountered by analyses which attempt to assign numbers to people or people to boxes, but problems that must be rectified here for a sound analysis of the cost-benefit effectiveness of any supplementary allowance scheme.[19]

---

17. Thus we can argue that two families, each with a shelter ratio of 30% suffer differing degrees of hardship if their incomes differ significantly: Family "A" with an average net income of $500 a month will have $350 left after housing expenditures to cover food and other necessary items; Family "B" with a net income of $300 a month will have only $210 to cover the same basic needs.

18. The second example is adapted from a memorandum from the Municipality of Metropolitan Toronto Commissioner of Social Services. See: "Revisions to Regulations and Policies under the General Welfare Assistance Act", January 14, 1974.

19. A third problem not discussed here, is that the "critical value" of 25% represents a standard developed primarily in historical analyses of the relation of shelter cost to gross, and not net earnings of families in a broad income band. While this critical value represents a good "rule of thumb", our comments suggest that its use merits re-examination.

2. The Budget Ratio

We have developed a second indicator of hardship, the budget ratio to complement our use of the shelter ratio (which we regard nonetheless as a powerful tool). The budget ratio is calculated by dividing income by total budgetary requirements (shelter cost plus budget required for other needs), and is expressed as a percentage. Thus, a budget ratio of 70% for a family indicates that family has 70% of the income it needs to cover all basic needs, a family with an 80% budget ratio has 80% of the income it needs to get by, and so on.[20]

We have developed the budget ratio in a manner consistent with the Province's commitment to the principle of using need-determined budgets to allocate social allowances, and in a manner consistent as well with the thinking of contemporary theorists regarding the measurement of economic hardship. As Podoluk points out in her landmark work Incomes of Canadians:

> "A budget approach to the examination of the adequacy of income is superior to the use of income criteria that ignore differences in family characteristics and, implicitly, in family needs. The use of a family income figure such as $3,000 does not take into account that family living requirements are affected by the size of family, its age composition, its place of residence such as farm or urban, and the price levels in the area. In the United States, although, initially, specific income figures were used to designate poverty, the deficiencies of this criterion resulted in the adoption of budget data as indicators of poverty or income inadequacy. Other recent studies have also used a budget criteria for defining poverty."
> (p. 181)

Our base for determining budgetary needs and thus the budget ratio has been the Social Planning Council's Guides for Family Budgeting.[21] This detailed guideline to the assessment of budgetary adequacy has been widely used both by governments and by private agencies for the assessment of incomes,

---

20. Certain additional adjustments to income have been made in the calculation of shelter ratios and budget ratios. This has been primarily to deal with extreme cases. See footnote 16, page 25.

21. Guides for Family Budgeting, Social Planning Council of Metropolitan Toronto, December 1972.

housing and social services policies. We use it here simply in estimating required budgets for actual families. This is done in the following manner. We have applied projections for component sub-indices of the Consumer Price Index to the detailed budget standards of the Guides,[22] and thus predicted detailed budgetary requirements for calendar 1974, for individual members of families by age, sex and level of activity, and for certain family-size-related expenditures. (See Appendix E for detailed components of budgets.) Then we have calculated detailed budgets for each family surveyed, where total budgetary requirement is the sum of shelter cost plus other budgetary requirements. As is shown in Appendix F, the budgetary requirements set down are surprisingly modest (for example an annual income of $6,357 is required on the average for a family of four), such that the full budgetary standard set forth lies generally above the ECC-DBS poverty line, but below the Relative Poverty line.

3. The Treatment of Income

An exceedingly difficult issue in the analysis of need in the design of any and all income security programs is the temporal component of definition of income. Above, we have only delineated our approach to the treatment of varied income flows that may comprise income. Yet rate, or time of accumulation of income is of central significance to assessment of need. To illustrate, let us suppose we have two families of four persons each, who have each just started to receive social assistance. For convenience, we will look at the same families used in our critique of the shelter ratio index. Assuming there is no shelter shortfall, both families of four have the sum of $205 (Ordinary Needs plus Family Allowances) remaining after paying for shelter. In this respect, both families appear to suffer equal hardship. But what if these families have had very different income flows in the 12 months before going on social assistance? Are they equally needy, or suffering equal hardship if one family had income of $2,000 in the prior year while the other had an income of $7,000?

---

22. See Guides for Family Budgeting, Tables 40A and 40B, pp. 74-76.

We think not.[23] Further, we take the position that for that reason a longer 'accounting' period than that currently used under General Welfare Assistance and Family Benefits Assistance is essential to an equitable system of social allowances. In our analysis, therefore, we have connected all calculations of shelter ratios and budget ratios to an annual income accounting system. This is a useful step in this analysis, not only because it connects our results to a more discriminating measure of need, but also because it brings our assessment of the need for shelter supplements closer to the annual accounting model likely to emerge in any future implementation of a guaranteed annual income.[24]

J. Methodology of the Policy Analysis (Section Two)

In Section Two, Chapter Six below we will outline the methodology of the Policy Analysis. This analysis is focused on the question of design of a program of supplementary allowances to remedy some of the hardship outlined below in Chapters Three to Five. This discussion of methodology will briefly outline (a) the major features of a computer simulation used to study cost and effectiveness of alternative supplementary schemes and (b) a cost-benefit analysis of the shelter supplement problem used to help determine an optimal program rate structure.

---

23. This problem is recognized, but only in a rough way, by the Province setting rates for long term social assistance slightly higher than those for short term social assistance.

24. At the present time, the design of the Federal-Provincial Guaranteed Annual Income experiment being conducted in Manitoba includes an accounting system based on a moving average of income over 12 months. We suspect that this length of accounting period will be maintained, but that any implementation of a guaranteed annual income is more likely to be based on a calendar year accounting period to allow easier administration of the program in conjunction with the positive income tax system.

III. HOUSING QUALITY AND HOUSING ADEQUACY AMONG SOCIAL ASSISTANCE RECIPIENTS

A. Introduction

The commissioning of this study directed our efforts primarily to the questions of housing cost and shelter shortfall. Especially, the policy makers required a study "assessing the amount of additional rent required to bring shelter allowances closer to a realistic amount."[1]

But during the development of the research plan, discussions with civil servants and housing experts constantly emphasized the need for information regarding the quality of housing occupied by social assistance recipients. Increasingly, the researchers came to the conclusion that the policy implications of shelter cost and shelter shortfall could only be viewed clearly in light of information regarding the quality and adequacy of social assistance recipients' housing.

The researchers found themselves especially concerned with these questions: To what extent, if any, are the high shelter costs faced by social assistance recipients a function of over-consumption of housing (occupation, for example, of very spacious or 'fancy' dwellings)? To what extent are hardships imposed by high shelter costs further intensified by the hardships of living in poor or unsafe or sub-standard housing? To what extent do single individuals and families differ in the quality of the housing they occupy? To what extent are the public funds paid to social assistance recipients being used to subsidize sub-standard housing? To what extent is the adequacy of housing (independent of cost) in need of review by policy makers?

The indisputable policy significance of these questions was being underlined dramatically at the time of this report's writing by a public

---

1. Report on Emergency Shelter and Related Problems, p. 10, Metropolitan Toronto Housing and Social Services Committee, September 17, 1973.

uproar over sub-standard housing, especially of roomers (who comprise a large proportion of the social assistance population[2]). On March 7th, 1974, the City of Toronto's 11th fatal rooming house fire in 15 months claimed 5 victims, thus setting building inspectors and politicians at least temporarily upon the 'war path' against slum landlords and arousing the community generally regarding the extent of dangerous or sub-standard housing.[3] Their concerns reflected an unwillingness to tolerate any further the extremely sub-standard housing in question, but little hard knowledge regarding the broader extent of the sub-standard housing problem. The primary policy reaction was to demand the obvious solution, the closing of sub-standard rooming houses and much stronger enforcement of housing standards, with little concern for the underlying problem (the inadequate supply of good quality low cost housing), and with little regard to the fate of roomers turned into the streets. Needless to say, these concerns reinforced considerably our own interest in answering the questions posed.

In approaching the questions, the researchers had certain expectations as to what they would find -- certainly that social assistance recipients would in many cases occupy poor housing, as this has been indicated in other studies.[4] But as with housing cost, we found no exact answers waiting for us at the start of the study.[5] The following analysis represents our attempt to

---

2. Analysis of our survey data showed 64% of all single social assistance recipients and 13% of all social assistance families to be roomers.

3. See for example: "Five killed in downtown rooming house fire", Toronto Star, March 8, 1974, p. 1; "Jaffary says some roomers live in danger", Toronto Star, March 12, 1974, p. 3; "Slum landlord signs deal to close up unsafe houses", Toronto Star, March 13, 1974, p. 1; "Family fights cockroaches and has 'use' of a bathroom", Toronto Star, March 13, 1974, p. 1.

4. See: A Study of Housing Policies in Ontario, Chapter 8, "Supply of Housing: Quality". Also see Housing Conditions of Public Assistance Recipients in Canada, 1968, Canadian Council on Social Development, unpublished study, 1968. Especially we note the following: A complete inspection of housing occupied by welfare recipients in the City of Toronto in 1965 showed 37.8% of all welfare recipients to live in sub-standard housing. See Substandard Housing, Research Bulletin No. 2, November 8, 1973, City of Toronto Planning Board, p. 8.

5. Data on housing condition and adequacy of facilities tends to be either dated or unavailable regarding particular low income groups.

provide policy makers with at least rough answers to the very difficult questions posed. We do this first by using our survey data to assess several specific aspects of housing quality and housing adequacy of social assistance families. (Among these data are observations relating to structural soundness and safety, adequacy of facilities, and crowding and sharing.) Then we present our general findings as to the adequacy of housing occupied by social assistance recipients. Finally, we return to the questions posed above regarding the adequacy of social assistance recipients' housing and its policy implications.

B. Dimensions of Housing Quality and Housing Adequacy

Two subtly different aspects of housing are examined here. The broader of these might best be termed housing quality. This might be defined as the degree to which housing is "good", valuable, comfortable, conducive to the well-being of its occupants, etc. All of the factors considered below and outlined in II.F relate to housing quality.

Housing adequacy is a narrower concept, representing the extent to which housing is judged acceptable for use by an individual or family. Later we will define social assistance recipients' housing as falling into one of two categories: adequate housing which may be good or fair/poor in quality; and sub-standard housing which is judged as unacceptable either in general, or for a particular family.[6] Sub-standard housing will be defined in III.C in a fashion which approximates the definition of sub-standard housing recommended to the Conference of Welfare Ministers by the Federal-Provincial Task Force on a Developmental Approach to Public Assistance (see pages 43 and 44 below). These standards represent the best available guide to thinking of policy makers today regarding minimal acceptable standards of housing for welfare recipients. Our subsequent conclusions reflect the basic policy premise that no person or family should have to live in sub-standard housing.

---

6. We should re-emphasize the importance of family composition to our broader classification. Somewhat different standards are applied for individuals as opposed to families, and the number of persons in a family has an independent effect on the classification of its housing as adequate or sub-standard. Thus, to give one example, a small one-bedroom apartment might be adequate for one or two persons, but it would probably be sub-standard housing for a family of five.

Let us examine in turn each of several major aspects of housing quality/housing adequacy, beginning with the most essential characteristics of housing: major structural soundness and apparent safety or hazard; and moving in turn to succeedingly less important aspects of housing quality and housing adequacy: secondary structural requirements, major facilities requirements, secondary facilities and amenities, crowding and sharing, and neighbourhood environment. In our analysis we will first focus on determining the number of families and individuals living in housing which is deficient in each respect, to see what this tells us about housing and social assistance recipients.

The reader should be alert to the following cautions: First, the assessment of housing adequacy is aimed only towards providing a general review of the adequacy of housing obtained by social assistance recipients. It is not, for example, to be confused with analyses that might be used to project housing stock requirements. Second, only when we present our composite index, which combines most of these data, can a clear judgment be made as to the housing quality faced by social assistance recipients. The details presented here are illuminating nonetheless.

1. Structural Soundness and Safety

Four aspects of structural soundness and apparent safety were assessed: the presence of sagging roofs, the presence of sloping walls, lack of or inadequate foundations, and (in the case of second storey or higher dwelling units) lack of adequate fire escapes or fire exits. We deemed these factors to be of first importance in our assessment of housing quality inasmuch as they indicate definite hazard to the well-being of occupants.

These data show the following regarding structural soundness and safety (Table 3). First, a noteworthy proportion of all dwellings are deficient with respect to one or more of the three structural requirements examined: recipients in 1,966 dwellings have sagging roofs; 2,328 live in dwellings with sloping walls; 2,554 have inadequate or no foundations. An even larger percentage of all recipients (17.2% or 5,409 cases) live in dwellings with insufficient fire exits.

TABLE 3. DEFICIENCIES IN STRUCTURAL SOUNDNESS AND SAFETY OF HOUSING FOR SOCIAL ASSISTANCE RECIPIENTS IN METROPOLITAN TORONTO

	Individuals	Families	Total Percent	Number
Percent dwellings with sagging roofs	8.5%	4.0%	6.3%	1,966
Percent dwellings with sloping walls	10.1	4.7	7.4	2,328
Percent dwellings with inadequate foundations	12.4	3.9	8.1	2,554
Percent lacking adequate fire exit	23.4	11.0	17.2	5,409

Further examination of the data in Table 3 points out this major feature of housing quality/housing adequacy: in each aspect of structure and safety examined, a dramatic difference emerges between single individuals and families, with single individuals being about twice as likely as families to occupy unsafe housing. Thus we observe that among single individuals 8.5% are in dwellings with sagging roofs, 10.1% are in dwellings with sloping walls, and 12.4% are in dwellings with inadequate foundations. In all, 23.4% of all single social assistance recipients were found to live in dwellings with inadequate fire exits.

Taking all four aspects of structural soundness and safety together, we find that 28.5% of all recipients (8,814 families and individuals) live in structurally unsound or dangerous housing (one or more deficiencies). Among single individuals alone, 37.2% (5,822 cases) were found to live in structurally unsound or dangerous housing.

2. Secondary Structural Requirements

Both interior and exterior secondary structural deficiencies of each dwelling were rated by interviewers following the personal interview with each

recipient. These ratings provided a good general assessment of the condition of the housing occupied. These secondary structural requirements are presented in Table 4, along with the percentage of dwellings found to exhibit each deficiency.

TABLE 4. SECONDARY STRUCTURAL DEFICIENCIES OF HOUSING OCCUPIED BY SOCIAL ASSISTANCE RECIPIENTS IN METROPOLITAN TORONTO

	Recipients in Dwellings with Deficiency	
	Percent	Number
Internal deficiencies		
Bulging walls	7.8	2,455
Cracked walls	17.4	5,459
Walls with holes	5.2	1,641
Damp walls	3.0	936
Sagging ceilings	9.1	2,855
Cracked ceilings	13.2	4,132
Leaking ceilings	2.5	776
Ceilings with holes	3.5	1,103
Sagging floors	8.5	2,665
Cracked floors	6.1	1,922
Floors with holes	3.2	1,000
Damp floors	3.5	1,089
External deficiencies		
Shingles missing from roof	4.4	1,393
Sagging eavestrough	7.3	2,280
Broken windows	9.2	2,894
Loose bricks or siding	7.6	2,389
Stucco with large holes or cracks	1.7	536
Sagging porches	13.2	4,149
Missing or broken steps	11.3	3,541
Poor porch footings	15.6	4,894
Poor or no paint	26.9	8,444
Crooked chimney	1.6	505

There we see that large numbers of social assistance recipients live in dwellings exhibiting various secondary structural defects. Thus, for example, we observe an estimated 1,641 individuals and families in dwellings with holes in the walls, 1,089 recipients in dwellings with damp floors, 2,894 recipients in dwellings with broken windows, and 8,444 recipients in dwellings with poor

or no paint. Of course, discrete flaws in a structure do not necessarily make it sub-standard. Thus we recognize that it is quite possible for generally adequate housing to have one or even several of the deficiencies noted. Therefore we present in Table 5 the percentage of social assistance recipients living in dwellings with no internal or external defects, 1 to 3 defects, and 4 or more defects.

TABLE 5. PERCENT OF DWELLINGS WITH SECONDARY STRUCTURAL DEFICIENCIES AMONG HOUSING OF SOCIAL ASSISTANCE RECIPIENTS IN METROPOLITAN TORONTO

Number of Deficiencies	External deficiencies			
	Individuals	Families	Total %	Total number
None	61.3	68.3	64.8	19,998
1 - 3	21.4	26.5	24.0	7,396
4 or more	17.3	5.1	11.3	3,487

Number of Deficiencies	Internal deficiencies			
	Individuals	Families	Total %	Total number
None	65.3	77.9	71.5	22,082
1 - 3	19.5	19.3	19.4	5,999
4 or more	15.1	2.8	9.1	2,800

As can be seen in Table 5, most recipients live in dwellings which are free of secondary structural defects: 64.8% of all dwellings were found to be free of external secondary structural deficiencies, 71.5% of all dwellings were found to be free of internal secondary structural deficiencies. Yet 9.1% of all social assistance recipients were found to occupy dwellings with 4 or more internal structural deficiencies (which we deem a sign of serious deficiency), and 11.3% were found to occupy dwellings with 4 or more external structural deficiencies.

Two important patterns emerge from these data: first, we note that the number of structural deficiencies shows a very strong relationship to family size. Individuals receiving social assistance are more than three times as likely to live in housing with serious external deficiencies. Individuals are five times as likely as families to live in housing with severe internal structural deficiencies. Undoubtedly this is a function of the large proportion of single persons living in rooming houses. Second, when comparing these data with the data earlier examined on structural soundness and safety, we note that there is considerable overlap between the two housing groups. Of the 8,814 social assistance recipients found to live in unsound or unsafe housing, 4,028 were found at the same time to live in shabby or poor condition housing. A total of 10,190 social assistance individuals and families were found to be living in housing that was either unsound, unsafe, or in excessively poor condition. This group included 41% of all single social assistance recipients.

3. Major Facilities Requirements

Three major facilities requirements were examined using the survey data: exclusive or shared access to adequate bathroom facilities, exclusive or shared access to adequate cooking facilities and central heating of the dwelling unit. These results are presented in Table 6 for the total social assistance population.

TABLE 6. DEFICIENCIES IN MAJOR FACILITIES REQUIREMENT OF HOUSING FOR SOCIAL ASSISTANCE RECIPIENTS IN METROPOLITAN TORONTO

	Individuals	Families	Total Percent	Number
Percent with inadequate bathroom facilities	13.6	5.8	9.7	3,043
Percent lacking adequate cooking facilities	13.2	8.6	10.8	3,404
Percent lacking central heating	1.2	3.6	2.4	754

As can be seen in Table 6, extensive deficiencies were noted in the form of inadequate bathroom and cooking facilities. In all, 3,043 social assistance recipients (or 9.7%) were found not to have adequate bathroom facilities, 3,404 social assistance recipients (or 10.8%) were found to lack adequate cooking facilities. In contrast, only 2.4 percent of all recipients were in housing that lacked central heating.

As with structural deficiencies, examination of major facilities showed single individuals to be generally far worse off than families. Thus in the entire social assistance population, individuals were about twice as likely as families to live in housing with inadequate bathroom or cooking facilities. In contrast, families were somewhat more likely than individuals to live in housing without central heating.

4. Secondary Facilities and Amenities

Other facilities and amenities were also examined in the survey. These included the presence of windows, adequacy of light fixtures, adequacy of electrical outlets, availability of washing and drying facilities, free access to the dwelling (no requirement to go through another individual's living quarters), and presence of a yard or other open space around the dwelling. While all of these are viewed as valuable indicators of housing quality, we have treated them as somewhat less significant indicators of housing adequacy (especially washing facilities) than the factors examined above. In fact, as we note below, deficiencies in secondary facilities and amenities are used only in our delineation of housing into the categories "good" and "fair/poor", and not in our delineation of housing into the categories "adequate" and "sub-standard".

As the researchers expected (see Table 7), large numbers of individuals and families lacked washing and drying facilities (33.8% and 53.0% respectively). But in other respects deficiencies in secondary facilities and amenities occurred with about the same frequency as deficiencies in structural requirements and major facilities requirements. Thus, 5.5% of all social assistance

recipients' dwellings were lacking windows, 8.2% had insufficient lighting, 1.4% had insufficient electrical fixtures, and 7.6% could only enter and leave their quarters by going through another person's living places. One in four social assistance recipients were found to occupy housing with no yard or open area around it.

TABLE 7. DEFICIENCIES IN SECONDARY FACILITIES AND AMENITIES IN HOUSING OF SOCIAL ASSISTANCE RECIPIENTS IN METROPOLITAN TORONTO

	Individuals	Families	Total Percent	Number
Percent with 1 or more windowless rooms	5.2	5.9	5.5	1,719
Percent with 1 or more rooms lacking light fixtures	7.6	9.8	8.2	2,575
Percent with 1 or more rooms lacking an electrical outlet	1.3	1.6	1.4	443
Percent without automatic washing facilities in dwelling structure	51.5	28.4	33.8	10,603
Percent without access to automatic clothes drying facilities in dwelling structure	67.2	61.0	53.0	16,635
Percent of dwelling units without free, public access	11.7	3.5	7.6	2,383
Percent of dwelling units without yards or other open spaces	30.6	21.8	26.2	8,227

Single individuals were much more likely than families to lack washing facilities, much more likely to lack free access to their dwellings, and much more likely to lack a yard or open area. An estimated 282 single individuals were found to live in windowless rooms. In other respects, however, secondary facilities and amenities were lacking to about the same extent for both groups.

5. Crowding and Sharing

Our treatment of crowding is based primarily on measurement of the number of persons per room, and secondly upon the absence of bedrooms and upon the number of persons per bedroom.[7] Sharing is treated at the same time as a related aspect of housing quality.

Crowding, either in general or as regards bedrooms, has been treated here only as a secondary criterion for housing adequacy. In fact, in our concluding examination of sub-standard housing in general, we only use crowding to distinguish between good and fair/poor housing. This decision is based on uncertainty regarding the sensitivity of the Census-derived crowding measure (more than one person per room = crowding) to different family needs rather than on a view that crowding is unimportant.[8] The fact that confusing findings can result from analyses of crowding using the Census measure is underlined by a finding noted in the Province's excellent study Family Benefits Mothers in Metropolitan Toronto to the effect that mother-led families in public housing are as likely to occupy crowded housing as are mother-led families in private housing.

Our findings have been nearly identical to those of the study of Family Benefits mothers, with 13.7% of families in public housing being crowded, and 12.3% of those in private housing being crowded. Analysis of the crowding data shows about 12.3% of all social assistance families and individuals to live in crowded housing. General crowding hits families most heavily, with 21.7% of all families living in crowded accommodation, as opposed to 3.6% of all individual social assistance recipients.

---

7. Ideally, it would have been desirable to measure square and cubic footage per person, following the Federal-Provincial Task Force's guidelines directly. (See Appendix C.) This was not done, partly because of the severe survey cost increases which would have been required, partly because of the field-operational difficulties envisioned, and partly because of our own uncertainty regarding the importance of crowding to the assessment of housing adequacy.

8. Thus for example, a roomer in one room would be categorized as not in crowded housing, but a family of seven in a large 5-room house would be categorized as crowded. It was undoubtedly exactly this concern which led the Federal-Provincial Task Force to focus on square footage per person requirements.

TABLE 8. CROWDING AND SHARING AMONG SOCIAL ASSISTANCE RECIPIENTS IN METROPOLITAN TORONTO

	Individuals	Families	Total Percent	Number
Percent in crowded housing	3.6	21.7	12.3	3,879
Percent with no bedrooms	40.7	6.1	23.7	7,306
Percent with crowded bedrooms	0.5	13.2	6.8	2,099
Percent sharing accommodation (doubled-up)	33.8	30.0	31.9	10,023

While crowding generally is noted as an uncertain indicator of housing adequacy, adequacy of bedroom space seems to be of clearer importance. Thus we observe 6.1% of families (935 in total) with no bedroom, and 13.2% of families (2,014 in total) with more than two persons per bedroom. Individuals are very likely to have no bedroom (40.7%) as many occupy single rooms, a factor which may or may not indicate inadequate housing. Generally, however, individuals are not crowded in the sense noted here.

Sharing or doubling-up has, like crowding, been treated carefully. Against its apparent undesirability, we must recognize that sharing may in many cases be beneficial for a family or individual. Sharing is found among 31.9% of all social assistance families and individuals, with individuals (33.8%) being slightly more likely to share accommodation than families (30.0%).

6. Neighbourhood Environments

We have examined neighbourhood housing environments to complete our picture of housing quality, looking at these three aspects of the quality of the housing environment:

(1) location in industrial and industrial/commercial areas;

(2) neighbourhood deterioration as evidenced by derelict houses or neglected vacant lots;

(3) absence of trees.

Our results (Table 9) show a moderately large number of social assistance individuals and families to live in defective housing environments. Of all social assistance families and individuals, we estimate that about 12% (3,808) live in areas with industrial and mixed industrial/commercial uses; 12% live in "blighted" neighbourhoods with derelict homes and neglected vacant lots; 15% live in neighbourhoods without trees. Again, as we have noted with respect to most housing quality/housing adequacy variables, single individuals are generally more likely to live in unfavourable housing environments.

TABLE 9. NEIGHBOURHOOD ENVIRONMENTS OF SOCIAL ASSISTANCE RECIPIENTS IN METROPOLITAN TORONTO

	Individuals	Families	Total Percent	Number
Percent cases of dwelling in industrial or industrial/ commercial areas	14.1	10.1	12.0	3,808
Percent cases in neighbourhoods with derelict houses & neglected vacant lots	14.0	10.0	12.0	3,774
Percent cases of dwelling in neighbourhood with no trees	18.7	11.4	15.0	4,727

In the several areas of housing quality discussed above, we have found thousands of social assistance individuals and families to live in housing with major deficiencies. Many other thousands have been shown to live in housing with minor deficiencies. What views might these data lead us to regarding

housing quality/housing adequacy of social assistance recipients? How should we generally judge the housing quality/housing adequacy of Toronto social assistance recipients?

C. The General Prevalence of Sub-standard Housing

We have tried to estimate the overall prevalence of sub-standard housing among Metropolitan Toronto social assistance recipients using an index which combines most of our housing quality data. These data are combined in this way: each deficiency for each aspect of housing quality other than sharing and neighbourhood environment has a weight assigned. This weight indicates the highest overall housing quality/housing adequacy rating that can be given to a dwelling unit having that defect. In our scoring system, a rating of 3 indicates good housing, a rating of 2 fair to poor housing, and a rating of 1 indicates sub-standard housing. The classification, which represents a reasonable but very minimal standard, is as follows.[9]

1. Sub-standard housing will include:

   (a) any dwelling with a major structural or safety deficiency (sagging roof, sloping walls, inadequate foundation, or inadequate fire exits);

   (b) any dwelling with four or more secondary internal structural defects or four or more secondary external defects;

   (c) any dwelling with insufficient bathroom or cooking facilities, or no central heating.

---

9. Methodologists might be concerned with the results of a factor analysis of the housing quality/housing adequacy variables, since this indicates a great deal about the reliability of measurements. When factor analyzed, the housing quality/housing adequacy data were very well described by a single dominant factor which had significant factor loadings for all variables except these: lack of central heating, crowding, no free access, insufficient windows, insufficient lighting and insufficient electrical outlets (these variables tended to exhibit little variance).

2. Fair-to-poor housing will include any dwelling which is not sub-standard, where any of the following obtain:

   (a) there are 2-3 internal structural deficiencies or 2-3 external structural deficiencies;

   (b) there is more than one person per room;

   (c) there are no bedrooms, or more than two persons occupy each bedroom;

   (d) there is no free access to the dwelling unit;

   (e) four or more of the following occur: one or more rooms without windows; insufficient lighting; insufficient electrical outlets; no automatic laundry-washing facilities, no automatic clothes drying facilities;

   (f) where there is a family with children and no yard or open space around the dwelling.

3. Good housing will include all housing not falling into the above two categories, and will generally be housing with only minor structural deficiencies. Good housing may be shared accommodation, and may also lack certain secondary facilities.

In Table 10, we present the percentages and numbers of individuals and families falling into each of our major categories when these standards are applied to the entire social assistance population. As can be seen in the table, only 35.5% of all social assistance recipients (10,967 individuals and families) live in good housing; and 23.3% (or 7,207) live in fair/poor housing. By far the greatest portion of all social assistance recipients, however, 41.2% or 12,708 individuals and families are found to live in clearly sub-standard housing.[10]

As was the case throughout our earlier analyses, single individuals were consistently found to occupy poorer housing than families. Overall we

---

10. These findings are quite consistent with the results of a City of Toronto inspection of all housing occupied by welfare recipients in 1965. At that time, 37.8% of all welfare recipients were found to live in sub-standard housing. See: Substandard Housing, Research Bulletin No. 2, November 8, 1973, City of Toronto Planning Board, p. 8.

TABLE 10. PERCENTAGE OF SUB-STANDARD, FAIR/POOR, AND GOOD HOUSING AMONG ALL SOCIAL ASSISTANCE RECIPIENTS

(Number given in parentheses)

Housing quality/ Housing adequacy	Individuals	Families	Total
Percent good housing	32.6% (5,105)	38.5% (5,862)	35.5% (10,967)
Percent fair/poor housing	16.9% (2,645)	30.0% (4,562)	23.3% (7,207)
Percent sub-standard housing	50.5% (7,912)	31.5% (4,796)	41.2% (12,708)

find 50.5% of all single social assistance recipients to occupy sub-standard housing, compared to 31.5% of all families. These differences can be attributed in large part to the effect of public housing which is more readily available to families. Yet even when we examine the private housing market only, individuals still fare much more poorly than families. When we examine the prevalence of sub-standard housing in the private market only (Table 11) we find 56.5% of all single individuals to occupy sub-standard housing, as compared to 39.6% of all families. This situation undoubtedly reflects in part the unavailability of low cost, good quality rooming houses.

TABLE 11. PERCENTAGE OF SUB-STANDARD, FAIR/POOR AND GOOD HOUSING AMONG SOCIAL ASSISTANCE RECIPIENTS IN THE PRIVATE RENTAL MARKET

(Numbers given in parentheses)

Housing quality/ Housing adequacy	Individuals	Families	Total
Percent good housing	26.0% (3,574)	28.9% (3,240)	27.3% (6,814)
Percent fair/poor housing	17.6% (2,416)	31.5% (3,533)	23.8% (5,949)
Percent sub-standard housing	56.5% (7,767)	39.6% (4,439)	48.9% (12,206)

D. Discussion

Our analysis above shows the housing situation of social assistance recipients in Metropolitan Toronto to be poor indeed. Although a wide variety of housing is occupied by these families and individuals,[11] it is generally poor or sub-standard in quality. Twenty-eight percent of all social assistance recipients were found to live in structurally unsound or hazardous housing. Forty-one percent of all social assistance recipients were found to live in housing that was judged sub-standard for one or more reasons. In most cases, housing found to be deficient in one respect was deficient in many. Thus, for example, most individuals in apparently unsound or unsafe housing were at the same time found to have inadequate housing by virtue of lack of windows or private access or absence of yards. Shabby, or badly deteriorated housing was likely to be more crowded, and more likely to show sharing or doubling-up. All in all, most of the 41.2% of all social assistance recipients in sub-standard housing could be well described as living in "slums".

Not surprisingly, several conclusions follow quite readily from our analysis. As will be seen, these answer most of the questions posed at the start of this chapter.

First, it seems clear that very few, if any, social assistance recipients are engaged in conspicuous consumption of housing. Living as they are in extraordinarily poor housing conditions, one can only guess that they have instead been making every effort to find the cheapest housing possible. Second, we find our earlier noted concern with the interrelated effects of high shelter cost and low housing quality to be of increased importance: knowing that individuals and families are generally faced with poor housing, it becomes more important to know how the hardship of poor housing relates to the hardship of excessive shelter cost. Third, we must conclude that an extraordinarily large volume of public money spent on social assistance in Toronto goes to the subsidization of sub-standard housing (this amount will

---

11. The following distribution was found of social assistance recipients among housing types: 7,312 live in single detached houses; 10,208 live in attached houses, multi-plexes or row-houses; 3,776 live in low rise apartments; 5,617 live in high rise apartments; 2,035 live in conversions; 1,919 live over or behind stores, and 534 live in basements. Of these, high rise dwellings were least likely to be sub-standard.

be specified in Chapter Five). Finally, we conclude that there is much more to the problem of social assistance recipients' housing than high cost and shelter shortfall, and therefore much more which should be of immediate concern to policy makers. Especially, we suspect that the pervasiveness of sub-standard housing underlines the fact that the housing problems of social assistance families are primarily problems of inadequate supply in the housing market, and not just problems of inadequate income. A further conclusion to be drawn, and one that we return to in Chapter V, is this: that in the long run, any adequate policy designed to deal with the housing of social assistance families in Metropolitan Toronto must influence both the supply of new low-income housing and the ability of social assistance recipients to compete for housing in the private market.

Such housing might be provided through a broad program including non-profit as well as public housing, but it would of necessity produce a very large number of units of rent-geared-to-income housing, including units for non-elderly single persons, especially the clearly deprived population of roomers noted above. If such a program is not forthcoming, and soon, we may (as we show in Chapters IV and V) expect to find Metropolitan Toronto in the midst of a social assistance housing catastrophe of no small proportions.

Let us turn now to an examination of cost of shelter among social assistance recipients in Chapter IV, noting that we will return in Chapter V to the joint effects of sub-standard housing and shelter cost on social assistance recipients.

IV THE COST OF SHELTER AND THE SUFFICIENCY OF FAMILY BUDGETS

We have seen in Chapter III that social assistance families and individuals generally occupy very low quality housing. Our analyses showed 41.2% of all social assistance recipients to occupy sub-standard housing, and only 35.5% to occupy "good" housing. Viewed separately, the private market showed a still worse situation: 48.9% of all recipients in the private market were in sub-standard housing, while only 27.3% occupied "good" housing. Our major conclusion was that action is much needed to expand the supply of good quality, rent-geared-to-income housing available to social assistance individuals and families in Metropolitan Toronto. Here, in Chapter IV, we turn to the basic issues of housing costs: do social assistance families pay more than they can afford for the generally low quality housing they consume? And if so, then what?

A. The Basic Questions

Several basic questions concern us: What do social assistance recipients in Metropolitan Toronto pay for shelter? How great a gap is there between the allowances families are allocated for shelter, and what they actually must pay? What is the apparent effect of shelter shortfall on family budgets? Each of these questions must be answered before we can deal adequately with the broader question: Is a remedial program of supplementary allowances necessary?

On the basis of prior research, we have derived certain rough expectations as to the answers we should find. However, speculation as to the specific answers seems all but futile in light of the rapid changes currently taking place in the economy and in the housing market in particular. Therefore, we have produced the following analysis in a careful attempt to attach exact answers to these very important questions. In section IV.B below we deal explicitly with the cost of shelter faced by social assistance recipients. In section IV.C we consider the adequacy of family budgets. Finally, in section IV.D we briefly consolidate our findings.

B. The Cost of Shelter

Below, we present shelter costs for social assistance recipients projected for calendar 1974.[1] In looking at these data we first examine the apparent relationship between shelter allowances and shelter costs for the entire social assistance population, both in public housing and the private housing market.[2] This gives us a broad view of the magnitude of the shelter shortfall problem. Then we examine more closely the situation of the population placed most at risk by rising rents and rising housing costs generally -- those who are purchasing shelter (95.4% are renters) in the private market. Finally, before turning to the adequacy of family budgets, we will present estimates of the total amount of shelter shortfall faced by the 31,400 social assistance families receiving benefits from Metropolitan Toronto.

1. The Cost of Shelter and the Extent of Shelter Shortfall in the Social Assistance Population Generally

Looking at shelter allowances and shelter costs for all family sizes, for all social assistance recipients including those in public housing, we observe first that for all sizes (see Table 12) actual average shelter costs exceed shelter allowances by a significant margin. This gap between monthly averages ranges from about $9 for single individuals to about $13 for families of six or more persons. These results are consistent in trend with those found by other studies.

---

1. For an indication as to findings in our survey as of December - January 1974, see Appendix D.

2. It is pertinent to note here the portion of this population renting as opposed to owning. We estimate that only 4.6% of the entire Metro Toronto social assistance population are homeowners. This raises an important question not to be dealt with here, but to which we will address ourselves in our concluding chapter, namely the inability of this group to build up equity in a home, and the resulting long-term implications for income security, especially for the elderly.

TABLE 12

AVERAGE SHELTER ALLOWANCE AND AVERAGE SHELTER COST FOR FAMILIES OF DIFFERING SIZE, FOR ALL FAMILIES IN THE METROPOLITAN TORONTO CASELOAD

Family Size	Average Monthly Shelter Allowance	Average Monthly* Shelter Cost	Number of Families
1	64.00	73.80	15,663
2	110.85	114.81	6,558
3	114.86	122.29	3,864
4	120.25	129.84	2,513
5	124.64	139.80	1,446
6+	131.38	144.85	1,358

*Renters paying on other bases, for example, weekly, have had their rents translated into monthly figures.

Because averages such as those of Table 12 may hide significant information, we have examined in a more careful fashion the pattern of shelter shortfall found in the Metropolitan Toronto social assistance caseload. This pattern is outlined in Table 13, where we show the numbers of families of different sizes having shelter shortfall of varying amounts. This pattern is quite startling in its indication of maldistribution of shelter-shortfall-induced hardship. As can be seen in Table 13, an estimated 13,967 families (or 44.5%) in the social assistance population have no shelter shortfall. However, 17,433 families (or 55.5%) in the social assistance population do have some measurable shelter shortfall.

TABLE 13

NUMBERS OF SOCIAL ASSISTANCE CASES BY AMOUNT OF SHELTER SHORTFALL, ALL FAMILIES

Amount of Monthly Shelter Shortfall	Family Size						Total Cases In Each Category	Percent Falling Into Each Category
	1	2	3	4	5	6+		
$0	6,560	3,202	1,726	1,218	685	576	13,967	44.5
$0 - $10	2,962	245	157	95	56	57	3,574	11.4
$10 - $20	2,125	664	422	256	151	154	3,772	12.0
$20 - $30	1,579	489	311	189	111	114	2,792	8.9
$30 - $40	724	588	375	227	134	137	2,185	7.0
$40 - $50	470	476	303	184	108	111	1,651	5.3
Over $50	1,241	894	569	345	203	208	3,458	11.0

This suggests a degree of overall shelter shortfall at least correspondent with and very likely greater than that suggested by the most precise of prior analyses (that prepared by the Ontario Ministry of Community and Social Services).[3] In light of the manner in which this study has been designed to minimize estimates of hardship and to measure shelter costs and income in the most precise manner feasible (see Chapter II), we can only conclude that the ability of Toronto social assistance recipients to pay for adequate shelter has likely declined during the past two years, despite the 1974 increases in Provincial social allowances and in Federal Family Allowances.

Yet the overall incidence of shelter shortfall tells us only part of the story as to how high shelter costs affect families. The distribution of shelter shortfall is at least as important, since uneven distribution will make for disproportionately greater hardship among the families most affected. We note (see Table 13) that an extraordinarily large number of

3. Housing and Social Policy in Ontario, Ministry of Community and Social Services, March 1973.

families experience shelter shortfalls which greatly exceed the average. Of the 31,400 social assistance families in Metropolitan Toronto, 3,458 pay shelter shortfalls in excess of $50 per month, 5,109 pay shelter shortfalls in excess of $40 per month, and a total of 7,294 pay shelter shortfalls of over $30 per month. We observe further that this incidence of shelter-cost-induced budgetary hardship increases sharply with family size: whereas 15.5% of single individuals have shelter shortfall in excess of $30 per month, 33.6% of all families size 6 or greater pay shelter shortfalls of this level or greater.

Shelter ratios provide an additional standard against which to assess the shelter costs faced by the Toronto social assistance population, and an important one, if interpreted carefully. As noted above, this research has been designed in a conservative fashion, such that we have expected to find shelter ratios significantly lower than prior studies have found.[4] This results largely from our careful 'netting out' of sharers' contributions towards shelter costs, our more encompassing definition of income, our use of an annual income base, and our exhaustive effort to 'capture' income in our surveys.[5] This means that it is not in any way possible to meaningfully compare the shelter ratios presented here with those found in other studies, but more importantly, it means that our assessment of hardship as indicated by the shelter ratio is a relatively conservative one, more likely than prior research to minimize observed hardship.

---

4. This expectation is confirmed by comparing shelter ratios found by the Canadian Council on Social Development study (1968) with our findings. Their study in 1968 found average shelter ratios in Toronto of 49% while our shelter ratio is 41.2% for all recipients. Differences, of course, can be produced both by real change, and by a shift in measurement procedures, such that meaningful comparison of the two figures is not possible. See, Is There a Case for Rent Control?, Canadian Council on Social Development, January 1973, p.74.

5. See section II.E for a discussion of our measurement and treatment of income, and section II.I for a review of our treatment of the shelter ratio, and our assessment of its limitations.

In spite of these conservative estimates, our analyses have shown that the predominant majority of families on social assistance pay a far larger portion of their income for shelter than the widely accepted critical value of 25% (see Table 14). In fact, the average shelter ratio of all Metropolitan Toronto social assistance families (including those in public housing) is projected to be 41.2% in 1974. This suggests a housing and income situation which is generally quite poor, but once again we must note that the average smoothes over the situation we find when looking at distributions. A full 83.9% of all families (26,359 out of 31,400) have shelter ratios over 25%, and of these 7,770 families (or 24.7%) have shelter ratios of 50% or greater.

TABLE 14

SHELTER RATIOS FOR ALL SOCIAL ASSISTANCE RECIPIENTS

(Percentages are given in parentheses)

Shelter Ratios	Family Size						
	1	2	3	4	5	6+	Total
0 to 25%	2301 (14.7)	746 (11.4)	343 (8.9)	499 (19.9)	435 (30.1)	717 (52.8)	5,040 (16.1)
25 to 50%	9109 (58.2)	3545 (54.1)	2844 (73.6)	1790 (71.2)	825 (57.0)	477 (35.1)	18,589 (59.2)
Over 50	4252 (27.1)	2267 (34.6)	677 (17.5)	224 (8.9)	187 (12.9)	164 (12.1)	7,770 (24.7)

All in all, the above analysis shows the shelter cost/shelter shortfall situation facing most social assistance individuals and families to be severe to an extreme. Yet even so, we do not see the above statistics as mapping completely the dimensions of the problem. Averages, as we have noted before, often tend to hide as well as illuminate, and this caution is especially applicable here. Only by looking more carefully at the

"high risk" population -- those in private housing only[6] -- can we assess the most serious effects of shelter shortfall.

2. The Cost of Shelter and the Extent of Shelter Shortfall Among Social Assistance Recipients in the Private Housing Market

In Table 15 below, we present average shelter allowances, average shelter costs, and average shelter shortfalls for families not in public housing (N = 25,223). These results show clearly that shelter shortfall is extraordinarily high among families that are affected. In fact, the shelter shortfalls found are on the average twice to four times the size of the "gap" between average shelter allowances and average shelter costs noted earlier (see Table 12), and especially high shelter shortfalls are observed for large families. For single individuals not in public housing, the average 1974 shelter shortfall is $16.57, but this rises to an average monthly shelter shortfall of $57.11 for families of size 6 or greater. Overall we find large families to face somewhat larger average shelter costs than previous studies would allow, a fact which probably reflects the recent trend towards higher rents in Toronto. The extent to which the gap between average shelter allowance and average shelter cost increases as family size increases is extreme, however, and prompts us to the conclusion that, independent of any assessment we wish to make of overall sufficiency, the anticipated 1974 Provincial shelter allowance schedule is shown to be clearly insufficient to meet the shelter costs of large Toronto families.

Shelter shortfall is high, but it is also pervasive: 69.1% of all social assistance families and individuals in the private market (17,429 cases) pay shelter costs in excess of shelter allowances. This aggravated

---

6. By "high risk" we mean those most likely to experience heavy shelter shortfall, extreme budgetary deprivation, and thus reduction of physical and psychological well-being. As will be noted below, our treatment of "high risk" emphasizes considerably the experiences of large families with large numbers of children. This is done for two reasons: on the one hand, children will be more "at risk" since they are less able to protect themselves financially. On the other hand, we view provision of a reasonable standard of living to families with many children as important because of the expected long-term costs to society of early deprivation.

TABLE 15

AVERAGE SHELTER ALLOWANCE, AVERAGE SHELTER COST AND AVERAGE SHELTER SHORTFALL FOR FAMILIES IN THE PRIVATE RENTAL MARKET*

Family Size	Average Shelter Allowance	Average Shelter Cost	Average Shelter Shortfall**
1	64.00	77.45	16.57
2	110.65	122.76	21.18
3	114.32	133.91	27.32
4	119.42	144.89	35.12
5	123.42	165.80	43.62
6+	128.94	183.47	57.11

* N = 25,223 individuals and families.

** The average shelter shortfall cannot be computed from average shelter allowances and average shelter costs, since the distributions differ.

shelter cost situation for families in the private housing market is further reflected in shelter ratios. Fully 86.9% of all social assistance recipients in private housing are found to pay shelter costs in excess of 25% of income, while 29.6% pay shelter costs in excess of 50% of income (see Table 16).

Certain of our results invite us to examine more carefully the question of family size and the adequacy of current shelter allowances. We have shown, for example, in Table 15 that the large families outside public housing pay extraordinarily high shelter shortfalls, and that as family size increases shelter allowances become disproportionately inadequate. The extent to which the problem of large families is a dramatic one is illustrated in Table 17. That table deals only with social assistance families in the private housing market and presents estimates as to the percentage of social assistance families who have rents dominated by Provincial shelter allowances.

TABLE 16

SHELTER RATIOS FOR SOCIAL ASSISTANCE RECIPIENTS IN THE PRIVATE RENTAL MARKET*

Shelter Ratio	Family Size 1	2	3	4	5	6+	Total
0% to 25%							
No.	1927	453	241	224	130	325	3,300
P.C.	14.0	8.7	8.5	13.2	14.5	39.9	13.1
25% to 50%							
No.	7712	2649	1955	1249	575	325	14,464
P.C.	56.1	50.7	68.9	73.6	64.5	39.9	57.3
Over 50%							
No.	4119	2123	642	224	187	164	7,459
P.C.	29.9	40.6	22.6	13.2	20.9	20.2	29.6

*N = 25,223 individuals and families

TABLE 17

PERCENTAGE OF FAMILIES IN PRIVATE HOUSING WITH SHELTER SHORTFALL BY FAMILY SIZE*

	Family Size 1	2	3	4	5	6+	Total
Percent having no shelter shortfall	33.8	35.8	24.7	23.7	14.5	4.1	30.9
Percent with shelter costs in excess of allowances	66.2	64.2	75.3	76.3	85.5	95.9	69.1
Total number	13,759	5202	2785	1646	754	921	25,223

*This table deals only with the 25,223 social assistance families (combines GWA and FBA caseloads) and individuals not in public housing.

A fascinating picture emerges as to the inability of shelter allowances to dominate rents at various size levels. While we find that Prov-

incial allowances are able to dominate shelter costs 30.9% of the time overall, we find that the power of Provincial allowances to cover actual costs declines steadily from 33.8% for single persons to 4.1% for families of size 6 or greater. Thus of all social assistance families size 6 or greater and not in public housing, 95.9% must pay more for shelter than the shelter allowance they receive. Our conclusion must be that current shelter allowances become increasingly inadequate as family size increases, with allowances for very large families being totally inadequate.

3. The Magnitude of the Shelter Gap

A prime question posed at the initiation of this research project concerned the total amount of shelter shortfall borne by Metropolitan Toronto social assistance recipients. By what total amount, we were asked, do shelter costs exceed shelter allowances in the social assistance population? This question is an important one both because the answer provides a precise measure of what we might call the "shelter gap", and because it provides a relatively exact estimate as to the transfer cost of a supplementary allowance program which would absorb all shelter shortfall.

Our estimate derived from the data at hand is that the total monthly "shelter gap" as of December 1973 was $513,083.[7] This value will increase to $561,166 per month in calendar 1974 if rent inflation in the private market is limited to 5%, a value of $610,083 per month in 1974 if rent inflation in the private market should reach 10%, and a value of $660,666 per month in 1974 if rent inflation in the private market should reach 15%.

---

7. While the estimates given in the text are our most precist projections, the reader should be reminded that they are projections from samples, and therefore best interpreted in light of statistical confidence intervals. These estimates are accurate within ±12.5% with 95% confidence. Thus, for example, we are 95% confident that the actual shelter shortfall for December 1973, is no less than $448,948 and no more than $577,218.

Since our projections have been based on the somewhat conservative assumption of 5% rent inflation, we project a total shelter shortfall or 'shelter gap' of $6.734 million for calendar 1974.

We find this projection to be an interesting one, both because it represents a solid measure of the extent of the shelter shortfall problem, and because it indicates something regarding the magnitude of cost likely to result from a program designed to effectively relieve existing shelter shortfall. As it directly reflects total population shelter shortfall, we may regard this figure as a potent indicator of hardship. In the families studied there is as we will see below, no significant budgetary slack. Therefore we can assume that each dollar added to shelter expenditures requires removal of another dollar from the ordinary-needs budget of the family.[8]

The budgetary guideline of the total shelter shortfall statistic is also clear: the cost of eliminating shelter shortfall in the social assistance population in 1974 should be about $6.734 million.[9] It should not be taken as sufficient guide alone, however, for two reasons, each of which modifies the budgetary implications of total shelter shortfall. First, we believe that there is good reason to design any supplementary allowance scheme so that it covers most but not all shelter shortfall. Second, our strategy has been to view shelter shortfall and budgetary inadequacy as interconnected problems, and so we argue that an efficient and equitable program of supplementary allowances must set suitable standards of budgetary adequacy as well as provide relief of shelter shortfall.

---

8. The only major qualification to this assumption is that some families will choose to borrow money instead, and thus increase their net debt. In the long run the effect of this on family well-being is probably as negative or more so than the failure to satisfy immediate needs.

9. But see footnote 7 regarding confidence intervals.

Therefore, we will briefly examine the adequacy of budgets found in our survey of social assistance families before turning, in Chapter V to an integration of our findings regarding housing adequacy and shelter cost.

C. The Adequacy of Family Budgets

We have analyzed the adequacy of budgets in this way. First, we have computed standardized-to-need individual family budgets using the Social Planning Council's Guides for Family Budgeting as adjusted for inflation in the Consumer Price Index.[10] Then we have computed budget ratios for each family as described in Chapter II. These indicate the adequacy of budgets expressed as a percentage of income available to meet needs[11] (for example: a budget ratio of 60% indicates that a family has 60% of the income it needs to meet basic expenses; a budget ratio of 110% indicates that a family has 10% more income than it requires for its basic needs.) Then we have used our survey data to compare actual budget ratios to a cut-off point designed to separate those suffering hardship from those not suffering hardship. This point has been set at 90% in recognition of the fact that families on social assistance receive varied subsidies and services that may have a value of up to 10% of total income needs. (This is a modest standard, roughly equivalent to the generally thought to be conservative ECC-DBS poverty line.[12])

What does our analysis tell us about the adequacy of 1974 incomes and social allowances? As can be seen in Table 18, the budget ratios of social assistance families in Metropolitan Toronto range to far extremes. On the one hand, a small percentage (9.3%) have obtained annual incomes

---

10. See Chapter II.1 and Appendix E for details.

11. It is important to note that we have used an annual income estimate. This will tend to attribute a lesser hardship in the case of families who receive good incomes for part of the year and then, for one or another reason, go on social assistance.

12. See Appendix F for a detailed comparison.

exceeding budgetary needs. These are mostly families or individuals who have had significant employment or other income during the preceding year, who have received General Welfare Assistance for only a short period. On the other hand, 85.0% of the social assistance families (a total of 26,690) had budget ratios of less than 90%, our theoretical level of budgetary adequacy. As can be seen in Table 18, a large number of social assistance families have extremely low budget ratios. In fact, 3,988 families of the 31,400 are found to have budget ratios of 50% or less.

TABLE 18

BUDGET RATIOS FOR ALL FAMILIES BY FAMILY SIZE

(N = 31,400)

Budget Ratio*	Family Size						Percent Falling Into Each Budget Ratio Category
	1	2	3	4	5	6+	
20 - 30%	284	98	35	0	0	0	1.3
30 - 40%	507	259	102	47	62	97	3.4
40 - 50%	1637	395	197	130	73	67	8.0
50 - 60%	1938	877	355	235	132	120	11.6
60 - 70%	4121	1676	998	660	371	337	26.0
70 - 80%	3074	1774	1121	741	416	379	23.9
80 - 90%	1220	720	608	402	226	206	10.8
90 -100%	1054	251	200	132	74	68	5.7
Over 100%	1827	509	248	164	92	84	9.3

*Indicates adequacy of income on an annual basis, where 100% indicates complete adequacy of income to satisfy family budgetary needs.

A further presentation indicating the percentages of families falling into each of several broad bands of budgetary adequacy is given in Table 19. There we see a pattern emerging which reinforces our earlier assessment of high risk populations, especially large families. While the percentage of families falling into our category of greatest budgetary

inadequacy (budget ratios of 50% and under) declines steadily when going from family size 1 to family size 3, it jumps somewhat for families of 5 and 6 or more. In those two groups 9.3% and 12.1% respectively are found with budget ratios under 50%.

TABLE 19

PERCENTAGE OF ALL SOCIAL ASSISTANCE FAMILIES BY BUDGET RATIOS AND FAMILY SIZE

(N = 31,400)

Budget Ratio	Family Size						Percent Falling into each Budget Ratio Category
	1	2	3	4	5	6+	
50% and under	15.5	11.5	8.6	7.1	9.3	12.1	12.7
50% to 70%	38.7	38.9	35.0	35.6	34.8	33.6	37.6
70% to 90%	27.4	38.0	44.8	45.5	44.4	43.1	34.7
90% to 100%	6.7	3.8	5.2	5.3	5.1	5.0	5.7
Over 100%	11.7	7.8	6.4	6.5	6.4	6.2	9.3

Overall we must conclude from our analysis that family budgets of families on social assistance in Metropolitan Toronto are on the whole grossly inadequate. Of the total population, an estimated 50.3% (or 15,794 families and individuals) have incomes which are less than 70% of adequacy. Of the total, 85.0% (or 26,690 families) have budgets which are below our hardship cut off point of 90% inadequacy. In general, our findings suggest an extreme inadequacy of the overall system of social allowances set by the Province -- at least for families living in Metropolitan Toronto.

This general inadequacy of allowances complements and multiplies the impact of shelter shortfall on individuals' and families' well-being, making the impact of shelter shortfall doubly severe. Thus, it is one

thing for a family to pay for housing by shifting money away from an adequate budget for food, clothing and other essentials, but quite another to shift money away from such items to pay for housing when the basic budget for non-housing needs is already severely short. When such shifts are unavoidable, families must make them, and then suffer the consequent decline in physical and social well-being which too often leads to a self-reinforcing spiral of greater dependency, greater deprivation, and greater long term cost to society.

One conclusion we come to, which is reflected in the subsequent chapters, is that a program to supplement present shelter allowances only would be an incomplete attack on the problem of severe budgetary hardship. Rather we observe that any program of supplementary allowances should ideally include a supplementary component for ordinary needs if it is to effectively and equitably relieve hardship.

D. Discussion: Shelter Cost, Shelter Shortfall and Family Budgets

In several respects, our analysis shows that shelter shortfall experienced by social assistance recipients is extreme. Having to take money from food and other basic needs in order to pay for housing is commonplace. Of all social assistance recipients, 55.4% experience shelter shortfall with the almost certain result that other major needs go unsatisfied. Yet this overall situation hides beneath it the especially extreme situation of those who are hardest hit by high shelter costs. We estimate that one-third or more of the social assistance population in Metropolitan Toronto experience shelter shortfalls large enough to produce severe deprivation. Further, we note that this incidence of extreme budgetary deprivation is most pronounced among large families.

All of these findings gain slightly in significance when we examine other shelter-related expenditures. While our analysis of utilities allowances indicates general adequacy for costs faced, our analysis of shelter costs falling outside the standard definition of allowable shelter costs

shows still further costs that social assistance recipients must bear in order to house themselves. (These other costs include such items as double rents paid at time of moving, tenant repairs, lost deposits, costs of emergency housing, etc.) These extended shelter costs are modest, averaging about $1.23 per month for single social assistance recipients and $3.71 for families, but on top of the shelter shortfall and budgetary inadequacy noted above they represent what might well be viewed as "the straw that broke the camel's back."

How should these findings of extreme financial hardship be interpreted in light of our earlier findings of pervasively sub-standard housing? Does anything need to be done? And, if so, what policies need to be enacted to remedy this situation?

Our analysis leads us to several conclusions which we elaborate on in the remainder of this report. One is that the on-going Federal-Provincial review of income security should be speeded up, since long term solutions to the problems noted here must ultimately emerge from this forum. Another is that the Provincial system of social assistance allowances needs to be subjected to careful review in the immediate future, since a major portion of hardship found is directly created by inadequate Provincial social assistance rates.

Our most important conclusions, however, relate to the immediate situation. The analysis here of the incidence of extreme shelter and budgetary shortfall among social assistance recipients in Toronto indicates certain and immediate need for remedial policies now.

Current Provincial-Municipal sharing of responsibility in this area leads us to the view that such a remedy can only be quickly obtained through implementation at the Municipal level of a program of supplementary allowances, such as is allowable as a cost-shared item under present legislation. Therefore we will turn, in the final chapters of this report,

to a consideration of design and cost features of supplementary schemes which could be used to ameliorate this problem in the immediate future. In Chapter V, immediately below, however, we will briefly review several final aspects of our description of the housing situation of social assistance recipients in Metropolitan Toronto. These are: the cost of adequate and substandard housing, the joint effects of substandard housing and shelter shortfall, and some forecasts for 1975.

V. SOME ESSENTIAL CONCLUSIONS REGARDING HOUSING AND SOCIAL ASSISTANCE RECIPIENTS IN METROPOLITAN TORONTO

The previous chapters have outlined in sharp detail the housing situations of social assistance families in Metropolitan Toronto. In Chapter III the extent of substandard housing was shown to be very great, with 41% of all social assistance recipients living in substandard housing. (See pp 43 to 44 for definitions) Almost half of all recipients in private housing were found to occupy housing which was seriously substandard in one or more respects and likely to be harmful to the well-being or safety of its occupants. Another 24% lived in housing judged to be only fair to poor in quality.

A similarly dismal picture emerged in looking at shelter costs and shelter shortfall among social assistance recipients (Chapter IV). Eighty-seven per cent of those in private housing were found to pay shelter costs in excess of the widely used hardship cut-off point of 25% of income. Nearly 70% of all social assistance recipients in private housing were found to pay shelter costs in excess of their shelter allowances. These shelter shortfalls varied from about $16.57 per month for single persons to a noteworthy $57.91 for families of 6 or more. Larger families were also found to be much more likely to pay excess shelter costs, with the percentage paying shelter shortfall rising steadily from 66.2% among single persons to 95.9% of all families of size 6 or greater. Only 4% of the social assistance families of size 6 or greater could find accommodation in the private market priced within their shelter allowances. All in all the data examined presented a gloomy but valuable review of the housing situation of social assistance recipients in Metropolitan Toronto.

Yet, several basic questions of importance to our analysis remained unanswered by those chapters. To be complete our assessment of housing among social assistance recipients requires that we examine the interconnections between housing adequacy and shelter shortfall. Thus, for example, we must determine the extent to which substandard housing costs more than shelter

allowances allow, and we must determine whether social assistance recipients get a good 'deal' pricewise on the poor quality and substandard housing they tend to occupy. We must also determine the extent to which social assistance recipients are likely to be simultaneously afflicted by high shelter costs and substandard housing.

Our final assessment also gains in relevance for the future if we turn our attention to a close examination of likely changes in the housing situation of social assistance recipients that may occur in the coming year. Rapid increases in rents are certain to occur, and so it seems that we should review changes in shelter costs that are likely to occur by 1975, and their implications. Changes of various sorts are likely to occur in occupancy patterns, as well as in rents, and these may be accelerated greatly by the propensity of social assistance recipients to change address frequently.

Therefore we address ourselves to these three matters in this concluding chapter of Section One: (A) The cost of substandard as compared to standard housing; (B) the joint impact on families of substandard housing and excess shelter costs; and (C) probable shelter costs and shelter shortfalls of social assistance recipients projected to January 1975 (and related dangers in housing status). These discussions will both inform our final assessment of housing among social assistance recipients and help set the stage for the policy analysis of Section Two.

A. The cost of good and substandard housing

Is good or adequate housing appreciably more expensive than substandard housing? How do current social assistance shelter allowances compare to the costs of substandard and good quality housing? What is the total public subsidy that goes towards maintaining sub-standard housing? Answers to the first two questions are useful in that they give us one more mark against which to judge shelter shortfall and the adequacy of current

shelter allowances. Answers to the third question are useful in that they allow us to judge in an aggregate sense the policy significance of social assistance recipients' heavy consumption of substandard or 'slum'-type housing.

1. Does good housing cost more?

During our review of earlier stages of the research, one policy maker speculated that perhaps we would find social assistance recipients in poor housing to pay about as much for housing as those in good housing. While our general expectation was that this would not be true, it still seemed a question worth resolving.

As can be seen in Table 20, our analysis shows a modest but systematic difference between the average cost of good housing and the average cost of substandard housing. Good housing is generally more expensive -- by about $8 per month for single individuals, and by about $20 per month for families of 6 or more. Nonetheless, the data reflect well on the insight

TABLE 20

COST OF HOUSING BY HOUSING QUALITY/HOUSING ADEQUACY*
FOR SOCIAL ASSISTANCE RECIPIENTS IN THE PRIVATE MARKET

Family Size	Estimated Average Monthly Shelter Cost**			Average Shelter Allowance	Quality Gap (Cost of good housing minus Shelter Allowance)
	Good Housing	Fair to Poor Housing	Substandard Housing		
1	80.73	76.37	77.60	64.00	16.73
2	129.17	122.20	116.16	110.65	18.52
3	140.92	133.30	126.72	114.32	26.60
4	152.66	144.40	137.28	119.42	33.24
5	177.62	168.00	159.72	123.42	54.20
6+	198.16	187.45	178.20	128.90	69.26

* See Chapter III, pp 43 and 44 for definitions of good, fair-poor and substandard housing.

** Estimates have been projected using a regression model because of the small number of cases in some cells. All estimates are for calendar 1974 assuming 5% annual rent inflation.

of our speculative policy maker. This is true mainly because the data in Table 20 represent only averages. In fact many people in each category of housing pay very much more or very much less than the average. This 'spread' is generally quite broad[1], and therefore we find many social assistance recipients in substandard housing who pay more for their very inadequate shelter than others in fair/poor or even good housing.

Shelter costs for housing of different quality are also compared to shelter allowances in Table 20. There we see a new index calculated, which we have termed the quality gap. The quality gap is calculated by subtracting shelter allowances for a given family size from the average cost of good housing for a family of that size.

The quality gap thus represents the extent to which shelter allowances fall short of an amount adequate for the purchase of good shelter. As is shown in our analysis, this gap is a large one, increasing from $16.73 per month for singles, to $69.26 for families of 6 or more. Thus if we take the reasonable view that shelter allowances should be such as to allow social assistance recipients to pay for adequate housing, we have a clear measure of the extent to which shelter allowances are deficient.

That shelter allowances are deficient, and to a considerable extent, can be illustrated by comparing shelter allowances to the average cost of substandard housing. This comparison illustrates what might be termed the 'rock bottom inadequacy' of existing shelter allowances, since at no point are average shelter allowances large enough to cover the average cost of even substandard or slum-type housing.

---

1. Standard deviations of shelter costs average about $35. Since about two-thirds of a groups' cases should fall within one standard deviation of the mean or average, and since the averages of our three groups are only $10 - $20 apart, it follows that there should be considerable overlap of groups. This should include considerable overlap even between 'good' and substandard housing.

2. How much Public Assistance Money goes towards the Maintenance of Substandard Slum Housing?

The flow of public dollars into substandard housing is an important matter in at least two respects. In the first place, the high cost of substandard housing dictates that public funds spent on such housing will be considerable in relation to the added well-being provided for recipients. Thus substandard housing costs the government a large amount of money, but probably has a net negative effect on families -- locking them into shabby environments and physical and psychological deprivation that can only in the long run produce still further family and social problems, continued dependency, and still further drain on public moneys. This represents a very poor return on the investment of public money. Such subsidization of substandard housing is against the 'general good' in another respect, since it helps maintain undesirable housing stock, often in the hands of speculators who are unlikely to maintain housing adequately or renovate 'renewable' housing.

As regards the total cost of substandard housing, our analysis shows that out of about $37,170,000 that Toronto GWA and FBA recipients pay for shelter each year, $13,975,000 or about 38% is paid for substandard housing.[2]

B. The Joint Impact on Families of Substandard Housing and Shelter Shortfall

How many social assistance families escape the frustrations and hazards of high shelter shortfall and substandard housing altogether? How many in all are either affected by shelter shortfall or live in substandard housing? How many are doubly losers in the rent race -- unable to meet rents and at the same time already living in unacceptably substandard housing?

---

2. An interesting comparison is available for this finding. Neave op. cit. found 28% of all money paid for housing by social assistance recipients in Calgary to be for substandard housing.

Is there anything in particular that we should note regarding the status of those social assistance recipients who do escape both shelter shortfall and substandard housing?

Of course the greatest portion of those escaping both shelter shortfall hardship and substandard housing live in public housing. Thus about 1,900 individuals and about 4,300 families are in cheap, good housing and therefore only of marginal interest to this analysis.[3] The remaining 25,200 or so social assistance recipients housed in the private market are generally hard pressed by the joint effects of shelter shortfall and substandard housing, as can be seen in Table 21.

TABLE 21

HOUSING ADEQUACY AND SHELTER SHORTFALL AMONG SOCIAL ASSISTANCE RECIPIENTS IN THE PRIVATE MARKET

	Singles	Families	Total
% in good or fair-poor housing with no shelter shortfall	13.5% (1853)	15.0% (1687)	14.2% (3540)
% either in substandard housing or having shelter costs in excess of shelter allowances	50.4% (6941)	58.0% (6500)	53.8% (13441)
% both in substandard housing and facing shelter costs in excess of shelter allowances	36.1% (4964)	27.0% (3024)	32.0% (7988)

Inspection of Table 21 reveals that only 14.2% of all social assistance recipients in private housing live in good or fair/poor housing that

3. Social assistance recipients in public housing interest us in one major respect only: because public housing social assistance families tend to form a more needy sub-group than social assistance families as a whole, budget ratios of public housing families are very low in spite of their advantaged housing poisition.

costs less than their shelter allowances. A further 53.8% of all social assistance recipients in private housing were found to suffer from either substandard housing or shelter costs exceeding shelter allowances. Thirty two per cent of all social assistance recipients (36.1% of singles and 27.0% of families) were found to experience shelter shortfall at the same time that they occupied substandard housing. In all, 85.8% of all social assistance recipients in the private market were found to suffer the deprivations of substandard housing and/or experience shelter shortfall.

At this point one last question remained for us: given the pervasive impact of shelter shortfall and substandard housing, how have the other 14.2% escaped them? We presumed that their methods would be of interest, and so focused a more specific analysis on this group alone. A single clear answer emerged from this check. Most of those who escape shelter shortfall and substandard housing do so by 'doubling up'. In all, 63.3% of those who avoided shelter shortfall and substandard housing were found to share accommodations. Thus, 94.8% of all social assistance individuals and families sheltered in the private housing market were found either to have shelter shortfall or to live in severely substandard housing or to share accommodation. Five per cent were able to find fair/poor or good housing within their shelter allowances, that they did not have to share.

While we have not, either in general, or in our analysis of housing quality/housing adequacy, treated sharing as necessarily 'evil', we think it is significant that most social assistance recipients housed in the private market only avoid extreme housing deprivation by doubling up with other individuals and families.

While sharing may not necessarily indicate deprivation, we think it is reasonable to assume that few families prefer to share housing. It is likely therefore that the pervasive doubling up of social assistance recipients who have avoided extreme shelter hardships can only be interpreted as evidence of significant 'trade-offs' that many recipients have made in response to the present high pressure housing market. Trapped between the

hazards of slum housing and high shelter costs, social assistance recipients have been given little alternative but to barter away their privacy.

Our analysis leads us to a still more troublesome set of conclusions immediately below, where we briefly review the likelihood of more and more 'trade-offs' being forced on social assistance recipients in the immediate future.

C. The Shape of Things to Come

1. Increased Rents, Vastly Increased Shelter Shortfalls

Looking to the future (say through early 1975) our analysis leads us to anticipate several rapid and all but unavoidable developments as regards rents, shelter shortfall, the quality of housing occupied by social assistance recipients, and the need for emergency shelter. Each of these matters will warrant careful review by policy makers.

Of these several developments, high and accelerating rates of rent inflation are clearly the most predictable and certain. Few who have seen the spiralling cost of housing in Toronto in the last few years would be incredulous if told to expect rent inflation rates of 10% or even 15% over the next few years. And those who should know -- Central Mortgage and Housing Corporation, the landlords themselves and others -- have promised exactly such increases. What will these rates of rent inflation mean for social assistance recipients in Metropolitan Toronto? Clearly, they mean higher rents for those in the private market. But how much higher? What magnitude of effect can we expect to find reflected in shelter shortfall?

In Table 22 we present average monthly shelter shortfalls projected for January 1975 using our computer simulation. These figures represent the shelter shortfall social assistance recipients in Metropolitan Toronto will

experience by the start of 1975 if no changes are made in social allowances. Three sets of estimates are presented, one for each of three assumed rates of rent inflation (5%, 10% and 15%). These are also compared to shelter shortfalls found in December 1973 - January 1974. On the basis of current

TABLE 22

AVERAGE MONTHLY SHELTER SHORTFALLS PROJECTED FOR JANUARY 1975 BY SIZE FOR SOCIAL ASSISTANCE RECIPIENTS IN THE PRIVATE MARKET

Size	Dec. 1973 Jan. 1974	Average Shelter Shortfall in January 1975 if rent inflation = in 1974	5%	10%	15%
1	15.31		17.82	20.47	23.20
2	19.0		23.52	28.44	33.62
3	24.67		29.97	35.41	41.02
4	32.03		38.21	44.45	50.88
5	39.97		47.26	54.94	62.63
6+	52.88		61.50	77.77	86.98

projections discussed by economists, landlords, etc., we may guess that the likely rate of rent inflation in 1974 will be somewhere between 5% and 10%. Thus we expect monthly shelter shortfalls in January of 1975 to be somewhere in the area bounded by the 5% to 10% estimates of Table 22. This means shelter shortfalls of $18 to $20 for singles in January of 1975 (compared to $15 in December-January), and shelter shortfalls of $61 to $78 for families of 6 or more. These projections paint a clear picture of vastly increased shelter shortfalls being faced by social assistance recipients. Such projections seem reasonable and perhaps even conservative.[4] Rents will go up at a tremendous rate, and shelter shortfalls will grow at a rate which is higher still. (see Chapter VII.C)

4. These projections are not to be confused in terms of reliability with such long range projections as are sometimes made about "the cost of the average house in Toronto in the year 2000". While long range predictions are hopelessly speculative, predictions or forecasts made over a short period such as that examined here may be highly reliable.

2. The Crunch

As rents go up, certain significant changes can be expected in housing occupancy patterns. We cannot be as certain about the rate at which these changes will occur as we could be regarding rent inflation, but they are very likely unavoidable consequences of the scenario before us.

How will these increases affect social assistance recipients? Many more families than do so now will make adjustments to higher rents by dipping into other portions of their already inadequate budgets. Many other social assistance families, however, finding that they cannot compete effectively for housing with other groups, will undertake to obtain cheaper accommodation. Thus many families now in good quality housing will move into poor or substandard housing. Many of those now in poor housing will move to substandard housing. And many of those in substandard housing will move to still cheaper housing. This should lead to greatly increased doubling up, and to more serious crowding.

The demand for ever cheaper housing should, in the face of tight housing supply, force many more families into substandard or slum-type housing. Because there will be a demand for much cheaper housing than the regular housing market can provide, it is probable that a significant secondary housing market will emerge, to provide extremely substandard housing to social assistance recipients (and other competing low income groups). Social assistance individuals and families will undoubtedly be displaced at an ever increasing rate from housing they now hold, either by "white paints" or by other low income groups. Of these, an increasing proportion will likely become effectively homeless thus placing greatly increased demand on emergency shelter facilities.

Three factors combine in a powerful way to make this last occurrence -- greatly increased rates of homelessness -- a near certainty. First, there is a limit to the available supply of substandard and potential substandard housing. Other low income groups are competing with social assistance recipients for much-desired cheap housing, and social assistance

recipients are perhaps least able to win such competitions. Therefore. social assistance families should increasingly face displacement. Second, a zero or near zero vacancy rate should generally occur soon in Toronto. This tightness should hit just as hard in the low quality housing market. Therefore when families are displaced there will be no place for them to go. Third, social assistance individuals and families are incredibly mobile. Our survey, for example, showed 42.5% to have changed residence one or more times in the last year. Since those who move frequently are most likely to be left 'homeless' when there is a zero vacancy rate, it follows that very large numbers of social assistance families and individuals will become effectively homeless, at least temporarily. This is even now a common experience in the social assistance population, as certain of our survey data indicate. These data show that out of some 13,300 families who changed residence one or more times in 1973, about 2,275 (or 17% of all movers) were left without a place of their own for periods of a few days to many weeks.[5]

We conclude that rent increases resulting in high shelter shortfalls will combine with the allocation mechanism of the housing market to make the housing position of social assistance recipients increasingly untenable by 1975. In terms of potential social disruption, hardship to social assistance families, cost to the public purse, and net human misery generally, it seems safe to view the shape of things to come as constituting nothing less than a major social catastrophe.

D. Discussion

We have focused our attention in this study on shelter shortfall and budgetary inadequacy, and supplementary allowances as a remedy for some of these problems. But it would be naive to view such allowances as more than a short term solution to the broader set of housing problems faced by

---

5. The vast majority of these stayed with friends or relatives.

social assistance recipients. A long term solution can only derive from policies which also affect the supply of housing, especially rent-geared-to-income housing.

The policy analysis to follow focuses almost exclusively on the question of design of a program of supplementary allowances. This focus is a result primarily of our commission in undertaking this study -- a commission that was focused upon social allowances. It reflects as well, however, the fact that adequate research on the need for public housing has already been done. (It is the housing which is needed.) But, most importantly, the focus of the analysis on supplementary allowances reflects our assessment that the highest priority must be placed upon the supply of supplementary allowances now to alleviate the hardships of social assistance families in Metropolitan Toronto.

SECTION TWO

A POLICY ANALYSIS FOCUSED ON THE DESIGN OF A REMEDIAL SUPPLEMENTARY ALLOWANCE PROGRAM

A POLICY ANALYSIS BY THE SOCIAL PLANNING COUNCIL OF METROPOLITAN TORONTO

VI. OVERVIEW OF THE POLICY ANALYSIS

Section Two proceeds in this fashion. In this chapter we first briefly discuss some major policy questions of importance to the improvement of social assistance recipients' housing, and pertinent to our own review of supplementary allowances. Then we outline the methodology of the policy analysis, discussing in brief the chief methods used in designing and testing the supplementary allowance schemes -- a computer simulation of the supplementary allowance problem, and a non-linear programming model for the allocation of supplements.

In Chapter VII we turn to explicit design and testing of the proposed supplementary allowance scheme, producing not only reasonably precise estimates of program cost, but also an assessment of the effectiveness of the proposed supplementary allowances.

In Chapter VIII we present our conclusions, and the recommendations of the researchers and the Social Planning Council of Metropolitan Toronto.

A. The Major Policy Questions and the Relation of Supplementary Allowances to Other Policy Initiatives

In the preceding chapters, we have in a systematic fashion noted much about the economic well-being and housing circumstances of social assistance families and individuals in Metropolitan Toronto. Generally, the position of these individuals and families has been seen as one of extreme-to-moderate deprivation, either by virtue of the very poor housing they occupy, or by virtue of their poor budgetary position.

Looking at the very bleak picture presented in Chapter V, as to the probable future housing position of social assistance families in Metropolitan Toronto, we ask ourselves: What are the most effective methods by which these problems might be ameliorated? How does a plan to distribute supplementary social allowances relate to other policy initiatives which might be taken?

There are at least three significant and obvious mechanisms through which these problems may be resolved in the medium-or-very-long run: (1) the creation of a greatly expanded supply of low income housing; (2) manipulation of population movements; and (3) income redistribution.

1. The Creation of a Large Volume of Rent-Geared-to-Income Housing

The most important of these mechanisms is one which requires the creation of a large volume of rent-geared-to-income housing, in order to quell on the supply side the pressure now being placed upon social assistance families and individuals to consume less and less adequate housing. Given the fact that the private housing market cannot provide decent quality housing for these families at a price they can afford, it is reasonable to conclude that their only hope for decent housing rests on the ability of government and, to a lesser extent, the non-profit sector to provide sufficient units of rent-geared-to-income housing. This concern would seem to be especially applicable to the very large roomer population found among social assistance recipients, since this group apparently faces the most oppressive and dismal choices of housing. In the case of roomers, as with the social assistance population generally, it seems likely that provision of such housing in meaningful volume will require a significant and active role by government, and a rapid expansion of the available stock of public housing. Failure of governments to act on this, the supply side of the problem, must lead eventually to the housing catastrophe outlined in Chapter V.

Strong arguments have, of course, been directed against public housing in recent years, for example that it costs too much, and that it tends generally to provide a poor environment for family life. But these concerns need to be looked at anew in light of the rapidly changing economy and the tight housing supply which affects low income (including social assistance) families so drastically. Is public housing more expensive in the long run, when the cost of its creation and upkeep is compared to the costs of subsidizing rents in the face of continued high rent inflation? Is the housing environment of public housing really going to compare poorly with that of the increasingly sub-standard housing occupied by social assistance recipients?

2. Population Movements

A second major mechanism whereby the housing and associated budgetary problems of the social assistance population might be remedied or alleviated involves population movements. It is not surprising that many discussions today regarding the housing of low-income populations in Toronto lead into an examination of the possibility of housing these groups elsewhere, in other cities or areas where housing is cheaper, or where it may be created more economically. This is a good reflection of the seriousness of the problem, since it is not generally popular for governments to engage in even indirect population relocation. We suspect that manipulations of population movements are reasonable in the more long run area of redirecting future growth, but that they are not likely to assist us in dealing with the housing problems before us now.

3. Income Redistribution

A third mechanism for resolving many of the housing problems noted throughout this report (at least those that relate to ability to pay) is implementation of a more sweeping and effective redistribution of income. It might be argued, in light of the on-going Federal-Provincial review of income security, that making short-term changes in allowances is too piecemeal an approach to the problem area of housing and incomes, and that such

changes should be held in abeyance until, for example, the completion of the Federal-Provincial review or the implementation of a guaranteed annual income. But rents go up now. The promise of some sort of redress a few years in the future does nothing to alleviate families' present hardships.

Only the creation of considerably increased supplies of rent-geared-to-income housing is likely to provide a reasonable medium-to-long-term remedy for the housing problems of social assistance recipients in Metropolitan Toronto. Until such additional housing becomes available, significant supplementary allowances will be required to prevent unconscionable misery in that population.

B. Methods of the Policy Analysis

In the policy analysis, heavy reliance has been placed on the same survey data already described in Chapters III through V. These data are used throughout Chapter VII, both in our computer simulation and in the non-linear programming analysis.

A computer simulation has been designed using these data that allows us to "try out" or experiment with various alternative supplement programs as though they were being tested in the real world. We do this by creating in a computer mathematical representations of: (a) the broader population of social assistance recipients (rather than just the sample interviewed); (b) the key processes affecting the population's economic well-being, most importantly rent inflation; and (c) an accounting system that tells us about allowances paid out and changes that occur in shelter shortfall, shelter ratios and budget ratios when we change the rate structures of the supplementary allowances. Using the computer simulation we have been able to test such things as: the capacity of a particular rate structure to improve the budgetary position of mother-led families; the cost implications of various income tests or tax rates that may be used to determine

eligibility for allowances; and the through-time impact of various rates of rent inflation on total program cost.

A non-linear programming analysis of the survey data has been undertaken to provide guidance to our development of a supplementary rate structure. It assists us, through the introduction of programming, in making our supplement scheme respond to the complicated needs of our population.

Programming is a mathematical technique which allows a decision maker to adjust variables which are under his control in such a way as to go as far as possible towards the achievement of objectives which he has explicitly prespecified. In advising as to the way the variables should be adjusted, the technique accounts for logical or natural limitations which exist in the way the variables can be altered. We will briefly present an illustration, and comment on the policy makers' use of programming.

A metallurgist may try to produce a steel which is as rust-resistant as possible by changing its chromium and its carbon content. He may, however, be limited in achieving this goal if added chromium reduces hardness and he knows that hardness must not be allowed to fall below a certain level; and if, further, the dollar value of carbon and chromium used per unit of steel must together not exceed a fixed amount. A programming solution to the problem would involve the mathematical formulation of the relation between rusting and the amount of chrome and carbon used, as well as of the constraints on the chrome and carbon which may be used. An iterative calculation technique (a highly precise method of trial and error which produces succeedingly more accurate results) then gives the amount of chrome and carbon which falls within the constraints and which, subject to this, produces greatest rust resistance.

For general public policy, the objective is seldom as clear as is "rusting" and would usually be termed "social welfare". The determinants

of this are similarly fuzzy. Programming forces the decision maker to state explicitly his view on this, and so promotes clear thinking and full disclosure. The policy maker controls variables which can alter "public welfare" and it is the level of these variables which must be decided, subject to whatever political, monetary, ethical, etc., constraints exist. Programming in the relatively inexact area of public policy and social science has somewhat paradoxically become very well established and accepted.[1]

The object of the programming formulation here is to answer this question: "Given that shelter allowance payments may be changed, through policy, according to family size and welfare authority (FBA/GWA) or other grouping criteria, and that a budget may be available to increase average payments; what allocation of supplementary allowances to each sub-group of our population will go furthest towards improving "social welfare" while staying within the budget and other reasonable constraints?"

To solve this, we have specified an equation which defines a variable, the minimization of which implies the maximum of social welfare. This variable, Q, is smaller, when budget ratios are larger, and when shelter cost ratios are smaller. The policy tool for altering Q is the shelter allowance rate structure.

The integration of findings of the programming analysis with those of the computer simulation forms the basis of most of the following chapter.

---

1. See for example, Paul Samuelson's Foundations of Economic Analysis or J. de V. Graaff's Theoretical Welfare Economics.

VII DESIGN, COST AND EFFECTIVENESS OF A REMEDIAL SUPPLEMENTARY ALLOWANCE PROGRAM

At this point, we wish to design and test an appropriate short-term remedy to the shelter shortfall and budgetary hardship faced by most social assistance recipients in Metropolitan Toronto. Our recommendation at the end of Section One, of course, was that a program of supplementary allowances be developed to remedy in a significant manner the shelter shortfall and budgetary inadequacy experienced by most social assistance families. In Chapter VI we have outlined our approach to the policy analysis and our view of the importance of a program of supplementary allowances as a short term remedy for shelter shortfall and other budgetary hardships of social assistance recipients.

To give substance to our recommendation, we will outline below the broad parameters of a program for delivering necessary supplementary allowances to social assistance families, and then subject it to some tests. The following will constitute our major design and assessment activities: First we will review several desirable objectives and design features of such a supplementary allowance program. In doing this we will review standards of need and budgetary hardship, so that we may settle on a budget for a program of supplementary allowances which can bring both shelter allowances and general family budgets closer to a "realistic" amount. Secondly, we will review the question of total program cost and the design of a sensitive and equitable rate structure. Thirdly, we will use a computer simulation of the supplementary allowance problem to test the sensitivity to rent inflation of the cost of our proposed program and rate structure. Finally, we will use our computer simulation to look at the probable effectiveness of a supplementary scheme of allowances, to determine the extent to which the recommended supplements achieve the desired goals in an equitable fashion.

A. Objectives and Design Features of an Optimal Supplementary Allowance Program

We have stated that the shelter shortfall and budgetary hardships of

families point clearly to the need for a program of supplementary allowances. What should such a program look like? What choices should be made among the many alternative program design features?

To examine these questions, we will first outline a set of broad objectives for a supplementary allowance program, then we will deal with some specific aspects of program design. First, however, we wish to comment on a more general issue in program design.

I. A Note on Program Design

Two somewhat different strategies are available to us in designing a program. One is to formulate a program which maximizes objectives, appraise its cost and probable effectiveness, and then determine the possibilities of implementation. A second way is to reverse the process: first determine the implementable (politically feasible) cost, and then design a program which most effectively allocates that budget. In fact, both tactics are often combined or related in a cyclical fashion.

Our preference is to view the first strategy as most attractive: we should describe a desirable system first, then determine cost, and then find out about political feasibility. This is a logical position for two reasons: first, we do not know the cost constraints which are likely to be applied by policy makers to development of any supplementary allowance scheme. This will be determined by the outcome of future deliberations; it is a matter regarding which we, as policy researchers, may only speculate. Second, the effectiveness of programs may relate in a non-linear fashion to the size of budget, such that small doses of additional money, applied at critical points, may have a proportionately more powerful impact, thus resulting in an improved cost-benefit ratio. If this is at all likely, there are strong advantages to an approach which begins with the design of a desirable system. Therefore we proceed below first by setting out our goals, then by designing a program to allocate supplementary allowances in accord with our objectives.

2. "Reasonable" satisfaction of needs as the major goal of the Supplementary Allowance Program

The following general goals are set forth for the supplementary allowance program tested here. These goals, both as stated generally and as attached to specific policy weights, represent in our opinion a cautious outline of policy objectives. Policy makers might wish to modify certain of these weights, but the ones set forth here represent, in our view, a balanced package which is well-suited for any initial move in the creation of a suitable supplementary allowance program. The major goals are:

1. That the program effectively remove the greater part of existing shelter shortfall.

2. That the program result in a general shift downward in population shelter ratios, towards a more acceptable value than the present 41%.

3. That the program result in a general shift upward in population budget ratios, towards a more acceptable value than the present 75%.

To attach precise values to these components of the model, we have made the following assignments of priorities, which represent in effect the policy weights of our model. First, the desirable portion of shelter shortfall to be eliminated is set at about 75% on the basis of this line of reasoning: (a) it is not desirable to eliminate all shelter shortfall because this may have the effects both of unnecessarily subsidizing families who over-consume shelter relative to others, and also of exerting undesirable influence on the market; (b) shelter shortfall and overall budgetary need will tend to impact unevenly on families, such that many without shelter shortfall may still require supplementary allowances because of insufficient income for ordinary needs. Therefore, an upper limit on the total subsidy for shelter shortfall is adopted so that a portion of supplementary allowances remains for supplementing ordinary needs.

Second, we have, for the purposes of this review of a supplementary allowance scheme, set the desirable level of the average population shelter ratio at the somewhat conservative value of 35%. Our choice of this value,

rather than some lower one, derives in part from our scepticism as to the pertinence of the popularly accepted critical value of 25%, and in part from our preference for greater reliance on the budget ratio as an indicator of well-being. In our view, the optimal shelter ratio may be viewed as lying somewhere between 25% and 35%, but our ability to define that optimal value is quite limited.

Third, we have, for purposes of this review of a supplementary allowances scheme, set the desirable level of the average budget ratio in the population at 82.5%. This goal, much like our goal of a 35% shelter ratio, is an admittedly conservative one. Our use of the 82.5% budget ratio as a third goal of our program is derived in this way: our analysis shows social assistance families generally to have an average budget ratio of 75%. We have delineated 90% as a "hardship line", so we choose 82.5% as it cuts in half the gap between current budgets and the "hardship line". This goal of 82.5% seems to us a reasonable one for a first stage of introducing what might be viewed as a new program, and also one which can be broadly supported because it very closely approximates the ECC-DBS poverty lines. On the average, a program which raised budgets to 82.5% of adequacy would raise social assistance family incomes to a point just below the ECC-DBS poverty line for 1974.

All three goals are viewed as important, but the first and third are operationally most important, since we use them to set overall budget constraints.

B. Some Specific Design Features Desirable in a Supplementary Allowance Scheme

Several specific design features of a supplementary allowance program are noted here as desirable. We will briefly discuss these, since they exert considerable influence on our image of the program. Then we will turn to the specification of a rate structure and to results of the computer simulation of the supplementary allowance program.

1. Applicability to General Welfare Assistance and Family Benefits Populations

We speak to this point in the event that some may question the propriety of Metropolitan Toronto subsidizing a Provincial program. Applicability of any supplementary allowances to both General Welfare Assistance and Family Benefits Assistance populations is an essential characteristic of an equitable supplementary allowance program. This is true for two reasons: (a) the distinction between the two social assistance programs is imposed on recipients by a complicated set of administrative procedures, such that it would be grossly unfair to discriminate against those who through no fault of their own are assigned to the 'wrong' program; (b) objective analysis of budgets and income flows shows that Family Benefits recipients are, as a group, as badly off or (more likely) worse off than General Welfare recipients.[1] (This is demonstrated clearly in Appendix G of this report, wherein we systematically compare the shelter shortfall and budgetary hardships of GWA and FBA singles and families)

2. A Sensitive Rate Structure

The rate structure to be applied in any supplementary allowance program should be simple, but sensitive to significant aspects of family composition. Thus, for example, we would expect to recommend maxima for supplementary shelter allowances which vary systematically with family size. In the case of supplementary allowances for ordinary needs, a similarly sensitive set of rates would be recommended. We judge, however, on the basis of analyses of shelter shortfall and budgetary inadequacy presented in Chapter IV, that a very simple rate structure (one, for example, involving one step between single persons and families) would be inefficient in eliminating hardship, and introduce even greater inequalities between the situations of families of different sizes.

---

1. This finding occurs in spite of the fact that ordinary needs allowances for FBA recipients are significantly higher than those for GWA recipients.

3. Testing for Eligibility of Social Assistance Recipients

It is important that any supplementary allowances brought into being provide assistance first and most readily to those in greatest need. To achieve this goal in an efficient fashion, we recommend adaptation of an income test or "tax" mechanism based on annual income for calculating social assistance recipients' eligibility for supplementary allowances. This would have the effect of allocating supplementary allowances only to those whose annual income has been below standard, and would operate in roughly the following way: for any given family, an annual income figure would be calculated showing net income from all sources. Any income beyond basic budgetary needs would be taxed at some tax rate "t" (probably between 50% and 70%). Then any supplementary allowances would be reduced by the product of "t" times any excess income over and above budgetary needs. Thus, with a 50% tax rate, a family with a total income of $8200 for the previous year, and budgetary needs of $8000 would have any supplementary allowances reduced by a total of:

$$.5 \times (\$8200 - \$8000) = \$100.$$

A family with net income under budgetary needs would receive all of its supplementary allowance, as there would be no excess income to tax. This would apply for most social assistance recipients (about 90%).

As we have noted earlier, this introduction of an annual income accounting has the characteristic of being in close accord with likely accounting features of any guaranteed annual income likely to be introduced in the future. It also has the advantage of promising considerable cost savings, of about 12% against the cost of a program of supplementary allowances.

C. Designation of Budgetary Constraints and Delineation of an Optimal Rate Structure

1. Designation of Budgetary Constraints

From our delineation of goals under VII.A above, we may derive a budget

figure indicating the total number of dollars that must be allocated to achieve the major goals set forth.

These results are derived from our computer simulation when we attempt to determine the cost of: (a) eliminating 75% of shelter shortfall; and (b) raising budgets to 82.5% of adequacy. To eliminate 75% of all shelter shortfall, a supplementary shelter allowance would have to allocate about $5.05 million in 1974. To raise average budget ratios among social assistance recipients to the 82.5% level (and thus generally to raise family incomes to about the ECC-DBS poverty line) shelter supplements and ordinary needs supplements combined would have to allocate a total of $8.856 million in 1974.

Therefore our total budgetary constraints are:

$5.05 million maximum for shelter supplements,

$8.856 million maximum for shelter supplements and ordinary needs supplements combined.

2. Delineation of an Optimal Rate Structure

To allocate any total budget for supplementary allowances, it is necessary to have a simple mechanism or rate structure for calculating individuals' and families' entitlement. Since we have been concerned with the allocation of any supplementary allowances in such a way that the greatest hardship is eliminated for each dollar spent, a great deal of effort has been directed towards formulation and testing of various rate structures. These efforts have included:

1. running of a non-linear programming model of the supplementary allowances problem to help determine a "best" allocation of allowances to families of different size.

2. running of extensive statistical analyses such as multiple regressions to determine the independent effects of family size, age of children, and having a female head on shelter shortfall and budgetary inadequacy.

3. numerous runs of our computer simulation to test the power of alternative rate structures to minimize estimated post-supplement hardship.

These analyses have focused for the most part on the problem of fitting our precise demands for efficiency in the elimination of hardship to the need for a simple, easily understood set of rates.

From these analyses we have derived the rate structures presented in Table 23 for our proposed supplementary shelter allowance. The rate structure settled upon for supplementation of ordinary needs was $5 per month per person. We will comment briefly on these, and then proceed to test their effectiveness using our computer simulation.

TABLE 23

MONTHLY SUPPLEMENTARY SHELTER ALLOWANCES AS COMPARED TO BASIC ALLOWANCES AND THE COST OF GOOD QUALITY HOUSING

Size	Average Shelter Allowance	+	Rate Structure for Shelter Supplement	=	Average of New Shelter Allowance Maximum	Average Cost of Good Quality Housing*
1	64.00		25		89.00	80.73
2	110.65		35		145.65	129.17
3	114.32		45		159.32	140.92
4	119.42		52		171.42	152.66
5	123.42		59		182.42	177.62
6	128.94		66		194.94	198.16
(add $7 for each additional person)						

*In private housing market only.

As can be seen in Table 23 the shelter supplement may be added to the basic shelter allowance to calculate a new shelter allowance maximum for each family size. This value is then used in the same way as the basic

shelter allowance: actual rents are paid up to the new shelter allowance, but not beyond. The shelter supplement allows for economy of scale, with supplement maxima diminishing from $25 per month for a single person or the first person in a family, to $7 for every additional person after the third. As can be seen in Table 23, the new shelter allowance maxima created in this analysis average about 11% higher than the average cost of good housing. Although the new proposed shelter allowance maxima thus reflect fair ability to allow occupancy of good as opposed to sub-standard housing, the overall scale remains surprisingly modest when considered in light of Toronto rents generally.

The proposed supplement for ordinary needs does not diminish as family size increases, since we found the allocation of the same amount of money per person to raise budget ratios more effectively than a sliding scale. When added to the basic ordinary needs budget, however, a significant diminishing scale is still present. When added to the basic ordinary needs schedule, the proposed supplement for ordinary needs increases ordinary needs allowances by about 10% overall.

D. The Cost of Supplementing Shelter Allowances: Sensitivity to rent inflation

Below we present cost estimates for programs supplementing shelter shortfall under various conditions. Table 24 presents four distinct cost estimates derived from our computer simulation. The first is for the annual cost of a program projected at December 1973 rates. Our results from that analysis show an estimated annual cost of $4.593 million.

The 1974 annual cost for our main projection, that where we expect rent inflation of 5% in the private market, is $4.861 million. For rental inflation of 10% and 15%, our model predicts total 1974 annual program costs of $5.183 million and $5.490 million respectively.

TABLE 24

SIMULATION RESULTS INDICATING TOTAL SHELTER SHORTFALL AND SHELTER SUPPLEMENT PROGRAM COST UNDER 3 POSSIBLE RATES OF RENT INFLATION

	Total Shelter Shortfall	Total* Program Cost of Shelter Supplement	Annual Rate of Increase of Total Shelter Shortfall from Dec. 1973	Annual Rate of Increase of Program Cost from Dec. 1973
	$millions	$millions	%	%
One years cost projected at December 1973 rates	6.157	4.593		
Projection for 1974 assuming 5% rent inflation in the private housing market	6.734	4.861	18.7	11.6
Projection for 1974 assuming 10% rent inflation in the private housing market	7.321	5.183	37.8	25.7
Projection for 1974 assuming 15% rent inflation in the private housing market	7.928	5.490	57.5	39.0

*Statistically we may have confidence that these estimates are accurate within ± 12%, 95 times out of 100.

It seems important to note the statistics presented in Table 24 regarding rates of increase. We observe, for all our projections, an extraordinary rate of increase both for overall shelter shortfall and for program cost. For each projection, we note the following: the rate of increase of

total shelter shortfall (and thus, we observe, hardship) is more than three times as high as the rate of rent inflation. We observe further that program cost increases at about 3-1/2 times the rate of rent inflation. Each of these findings, we suspect, adds greater emphasis to the meaning of the title chosen for this report. The 'rent race' is warming up indeed! If, as we have argued, shelter shortfall is the cause of severe hardship for a large portion of social assistance families, and if shelter shortfall is to expand at three to four times the rate of rent inflation, then there can be no question but that remedial action to alleviate this situation is required now.

E. Effectiveness of the Supplementary Allowance Program

Obviously it is only worth implementing a supplementary allowance scheme if it works. Does the scheme set out above in rough outline actually appear to work?

The answer regarding increased budget ratios is, of course, obvious: average budget ratios are increased to approximately 82.5 per cent. But what about our more basic concern, shelter shortfall?

Table 25 shows the distribution of families by shelter shortfall before and after introduction of the supplementary allowances. The results indicate a dramatic impact of the program on shelter shortfall. As can be seen in Table 25 the percentage of families with $0 shelter shortfall rises dramatically when the shelter supplement is introduced. While only 44.5% of all social assistance families have $0 shelter shortfall to begin with, 82.0% have $0 shelter shortfall after the supplement is introduced.

TABLE 25

PERCENTAGE OF FAMILIES WITH NO SHELTER SHORTFALL BEFORE AND AFTER INTRODUCTION OF THE SHELTER SUPPLEMENT

	Family Size					
	1	2	3	4	5	6+
% with no shelter shortfall before shelter supplement	41.9	48.8	44.7	48.5	47.3	42.4
% with no shelter snortfall after shelter supplement	82.1	83.6	82.4	80.0	82.4	75.8

As can be seen in Table 26, less dramatic effects are noted on the population distribution of shelter ratios (this analysis does not take into account the effect on shelter ratios of the ordinary needs component of the supplement). This occurs because most of the movement is within categories. Nonetheless, we note an overall shift downward. Most importantly, the group of social assistance families paying half or more of their incomes for shelter is cut nearly in half by the supplement, as 3,089 families are shifted from the "over 50%" category to the middle group.

TABLE 26

EFFECTS OF SUPPLEMENTARY ALLOWANCES ON THE DISTRIBUTION OF FAMILIES ACROSS SHELTER RATIO GROUPINGS

Shelter Ratios	Percentage of all families in each shelter ratio category before supplementary allowances	Percentage of all families in each shelter ratio category after supplementary allowances	Numbers of families moved to a lower shelter ratio category
0% - 25%	16.1	18.6	
			(792)
25% - 50%	59.2	66.5	
			(3089)
Over 50%	24.7	14.9	

The combined effects of shelter and ordinary needs supplements on budget ratios are indicated in Table 27. There we note that the effect of the supplements is evidenced throughout the distribution of budget ratios, but most clearly in the shift of large numbers of social assistance recipients into our middle category of 70% to 90% budget adequacy.

TABLE 27

COMBINED EFFECTS OF THE SHELTER AND ORDINARY NEEDS SUPPLEMENTS ON THE DISTRIBUTION OF BUDGET RATIOS AMONG SOCIAL ASSISTANCE FAMILIES

Budget Ratio	% in each budget ratio category before supplements	% in each budget ratio category after supplements
50% and under	12.5	6.7
50% to 70%	37.6	29.3
70% to 90%	34.7	43.3
90% to 100%	5.7	8.4
Over 100%	9.3	12.2

Overall, the results of the simulation show that the allowance scheme outlined effectively achieves its objectives. This is of considerable importance, since it suggests that at least in the immediate instance an effective policy for remedying the hardships of social assistance families can be purchased at a price that seems small in relation to the severe hardships eliminated and the gain to the community which is implicit in developing a stronger income security system.

VIII. FINDINGS AND RECOMMENDATIONS

A. Findings of the Study

The preceding chapters of the report outline our findings in a brief enough fashion that a very extensive summary here is unnecessary. Yet some of the major points merit recapitulation. We will briefly note our findings with respect to: housing adequacy and the prevalence of sub-standard housing among social assistance recipients; shelter cost, shelter shortfall and budgetary hardships faced by social assistance recipients; and certain projections we have made regarding the housing situation of social assistance recipients to 1975.

1. Housing Quality and Housing Adequacy

Our analysis in Chapter III of housing adequacy and housing quality presents findings on a broad range of housing characteristics, among them structural soundness and deterioration, adequacy of major facilities, amenities, crowding and sharing. It shows the housing of Metropolitan Toronto social assistance recipients to be generally very bad. Our projections indicate the following major points: among all social assistance recipients, about 28% were found to live in apparently unsound or unsafe housing. Ten per cent were in housing found to lack adequate bathroom or cooking facilities; 12.3% were found to live in generally crowded housing. Sharing of accommodation was also found to be widespread, with 31.9% of all social assistance recipients 'doubling-up'.

In all, 41% of social assistance recipients were found to live in sub-standard housing, and an additional 23% were found to live in housing rated as fair to poor. Only 35.5% were found to live in good housing. Single social assistance recipients (many of whom are roomers) were found to be far worse off than families in terms of quality of housing occupied: 50% of all single social assistance recipients were found to live in sub-standard housing as compared to 31.5% of families.

2. Shelter Cost and Budgetary Inadequacy

Our analysis has mapped out in a relatively precise manner the shelter shortfall and budgetary situation of social assistance recipients in Metropolitan Toronto (Chapter IV). Thus, we have found 55.5% of all social assistance recipients to have shelter costs which exceed shelter allowances, and 69% of all of those in private housing to have excess shelter costs. We have found 23.3% of all social assistance recipients to be paying shelter shortfalls in excess of $30 per month. We have found 84.6% of all social assistance recipients getting along on budgets that are clearly inadequate when compared to a carefully designed guide for family budgets. We have found 83.9% of all social assistance recipients to pay more than 25% of their income for shelter. The analysis indicates that serious shelter and budgetary hardships are found among almost all social assistance families in Metropolitan Toronto.

But our analysis suggests some unusual things as well. By looking carefully at the situation of the "high risk" population -- of large families not in public housing -- we have identified a group which suffers an unquestionably severe level of hardship. We have found that families of 5 and 6 in the private housing market pay on the average $44 and $57 a month more for shelter than what they receive as shelter allowances. Among families of size 6 or greater who rent on the private market, we have found that 95.9% must pay more for housing than they receive in shelter allowances. These results have obtained even in light of our analyses of housing quality which indicate that social assistance families compete fairly effectively to obtain the cheapest housing possible.

3. The Joint Impact of Shelter Shortfall and Substandard Housing

In examining the relationship between shelter shortfall and housing adequacy, a doubly depressing picture emerged. More than half of all social assistance recipients in the private market were found to experience either shelter shortfall or substandard housing. Another third were found to experience shelter shortfall at the same time that they occupied sub-

standard housing. Fourteen per cent only were found to live in adequate housing that was priced within shelter allowances. Of these, well over half (63.3%) had obtained this advantage only by 'doubling up'. Accordingly, we found only 5.2% of social assistance recipients in the private housing market to live in fair/poor or good housing, within their shelter allowances, that they did not have to share.

4. Projection for 1975

In addition to our main analysis, we undertook to make certain projections to 1975 regarding shelter costs and general housing statuses of social assistance recipients (Chapter V). Our analyses showed that dramatic increases in shelter shortfall could be expected by January 1975. Whereas shelter shortfalls in 1974 were found to range from $16 per month for single persons to $57 for families of 6 or more, our analysis of shelter shortfalls projected for January 1975 showed expected values of $18 to $20 for single persons, and values of $61 to $78 for families of 6 or more. In reviewing expected future housing consumption of social assistance recipients, we were led to two further conclusions: first, that social assistance recipients would increasingly be pushed into poorer housing, and second, that increasing and possibly very large numbers of social assistance recipients would be pushed out of the housing market entirely -- and become at least temporarily homeless.

5. The curious effects of Rent Inflation

Almost all of our analyses have been conducted to provide projections for calendar 1974, and it is in this respect that we find our analysis to be most alarming. Our projections tell us that the situation of families on social assistance is bound to deteriorate dramatically if rents are not stabilized or allowances increased. This conclusion comes from this peculiar result of our computer projections: whatever shelter shortfall hardship is faced by social assistance families today, we can be certain that the total of all their shelter shortfall will rise by three to four times the rate of rental inflation during the next year. Thus, if our conservative estimate

of 5% rental inflation is accurate for 1974, social assistance recipients can be expected to pay 18.7% more in shelter shortfall by the end of the year. If more pessimistic predictions obtain, and we face a rental inflation rate closer to 10%, then the shelter shortfall of social assistance families will rise by 37.8%.[1] And so it goes.

Our conclusions have been that a rapid increase is required in the supply of rent geared to income housing in Metropolitan Toronto; that current social allowances are now in drastic need of review; and that a major program of supplementary allowances for social assistance families is required if those living in Metropolitan Toronto are to have reasonable housing and a style of living free from severe hardship. Further, we have spent considerable space in the preceding chapter investigating the design and cost implications of such a supplementary allowance, and find that such a program is both feasible and potentially very effective. Our conclusion must be that a failure to produce remedial policies and programs to deal with the problems examined invites a social catastrophe -- for social assistance recipients, and for Metropolitan Toronto as a whole -- of considerable proportion.

---

1. Such an analysis has not emerged in previous studies which have looked at the circumstances of social assistance recipients at only one point in time. This shows the importance of dynamic analysis in dealing with such questions, and the especial power of computer simulations to generate new, significant social policy analysis as well as findings and theories.

B. Recommendations of the Social Planning Council of Metropolitan Toronto (approved by the Board of Directors)

Our findings, especially our forecasts for 1974 and 1975, taken together with our analysis of desirable program features, cost and effectiveness of supplementary allowances, lead us to make the following essential recommendations regarding the housing of social assistance families.

1. Inasmuch as inadequate supply of low-cost housing is a key factor in the present housing hardships of Toronto social assistance recipients, it is recommended that the Municipality of Metropolitan Toronto adopt the principle of encouraging rapid expansion of the supply of rent-geared-to-income housing available to single persons and families in Metropolitan Toronto.

2. It is recommended that the Municipality of Metropolitan Toronto establish by itself or in cooperation with other governments the policies and mechanisms necessary to ensure rapid satisfaction of this goal, either through encouragement of non-profit low-income housing, or through direct creation of publicly owned low-income housing.

3. It is recommended that, because of the high cost of living which generally renders Provincially guaranteed shelter allowances inadequate, the principle be endorsed by the Municipality of supplementing the shelter allowances of social assistance recipients in Metropolitan Toronto.

4. It is recommended that inasmuch as Provincially guaranteed allowances for ordinary needs are inadequate for a reasonable living in Metropolitan Toronto, the principle be accepted of supplementing the ordinary needs allowances of social assistance recipients in Metropolitan Toronto.

5. It is recommended that the Municipality of Metropolitan Toronto establish a program of supplementary allowances which supplement shelter and ordinary needs budgets.

6. It is recommended that any program of supplementary allowances

which is established be open to families receiving benefits from the Province (FBA) as well as the Municipality (GWA).

7. It is recommended that the Municipality consider closely the possibility of making participation in any program of supplementary allowances subject to an income test based on an annual or similar income accounting period. (Such a design feature would have the effect of concentrating supplementary allowances among the most needy social assistance families.)

8. It is recommended that any supplementary allowance program which is adopted be one in which supplement ceilings are determined by a rate structure which sensitively accounts for the real effects of family size and composition on shelter and other budgetary requirements.

9. It is recommended that the Municipality consider the establishment of a budget allotment for supplementary allowances for fiscal 1974-75.

10. It is recommended that this amount, should such a program be established, be for a program of total cost of approximately $8.9 million, of which a maximum of $5.4 million would be for supplementation of shelter allowances, and the remainder for supplementing normal budgetary needs of families on social assistance.

11. It is recommended that, inasmuch as the need for supplementary allowances is in large part a function of inadequate social allowances set by the Province, the Province should review its present treatment of cost sharing for items such as the proposed supplementary allowance, and agree to assume its share of cost under the Canada Assistance Plan.

12. It is recommended that plans be made for assessment of the effectiveness of any supplementary allowance program and re-examination of the housing situation of social assistance

recipients at the end of the first year of operation.

Our analysis has also led us to these more general recommendations.

1. That in line with our analyses above indicating general inadequacy of Provincial social allowances, a more general review of the adequacy of Provincially established social assistance rates be initiated.

2. That inasmuch as better information on rents is much needed, the Municipality of Metropolitan Toronto consider the establishment of a mechanism for systematically monitoring the level of rent inflation in Metropolitan Toronto.[1]

---

1. For a critical review of rent inflation indices produced by Statistics Canada, see: Michael Audain and Marjorie English, "Rented Housing in Canada", in Is There a Case for Rent Control? (Canadian Council on Social Development, 1973), pp. 54-63.

Appendix A

SURVEY RESPONSE RATES AND WEIGHTING PROCEDURES

1. Survey Response Rates

Survey response rates were very good generally. Out of some 943 attempts to interview, only 3.8% resulted in recipients refusing to be interviewed. 'Not at homes' (18.7%) and 'moves' (16.0%) accounted for most non-interviews. This resulted in an overall survey completion rate of 55%. This was judged to be a good response rate for a survey attempting to locate specific individuals, especially low income individuals (who tend to be more difficult to locate and interview). The resulting sample seemed deficient in only one major respect. This was the general underrepresentation of GWA singles in the sample. Generally, GWA singles tended to move more frequently, go off GWA very quickly and be generally difficult to locate. A weighting system was applied in our analysis to compensate for this undersampling, but this undoubtedly still leaves highly mobile GWA singles slightly underrepresented.

2. Weighting Procedures for Analysis of the Survey Data

Since the researchers had considerable information at hand regarding the GWA and FBA populations, it was possible to devise a complex weighting system based on key population parameters (most importantly, the proportion of recipients in each program falling into each of six size groups, and the proportion of each size group in each program resident in public housing and private housing respectively).

These data were used to project cell populations for 24 sub-classifications of social assistance recipients. Weights were then assigned for each cell, and these were then used to weight the survey data for all analyses reported.

Appendix B

SOURCES OF INCOME FOR GENERAL WELFARE AND FAMILY BENEFITS RECIPIENTS

Average incomes for GWA and FBA individuals and families are presented by source in Table B.1. These figures show several major differences between GWA and FBA recipients' income flows. Most importantly, they show the following: FBA recipients are more likely to rely on welfare for the largest part of their income (70-80%), while GWA benefits constitute less than half of GWA individuals' and families' incomes; GWA recipients gather about nine times as much income from employment as do FBA recipients; GWA individuals generally have much higher incomes than FBA individuals.

TABLE B.1

SOURCE OF INCOME FOR GENERAL WELFARE AND FAMILY BENEFITS RECIPIENTS PROJECTED FOR CALENDAR 1974

Income Source	GWA individuals	FBA individuals	GWA families	FBA families
	$	$	$	$
Employment income	765.55	35.51	1,256.63	190.02
GWA and FBA	989.46	1,400.73	1,585.15	2,751.04
Family Allowances & other transfers	17.05	125.96	481.67	634.62
Ontario tax credits	126.68	130.05	153.72	151.04
Unemployment insurance	72.17	--	274.50	10.99
Rental income	15.45	18.35	34.83	58.14
Other income	77.44	2.04	76.49	58.87
Total Annual Income	2,063.81	1,712.64	3,862.99	3,854.72

Appendix C

HOUSING STANDARD RECOMMENDED BY THE FEDERAL-PROVINCIAL TASK FORCE ON A DEVELOPMENTAL APPROACH TO PUBLIC ASSISTANCE, 1971*

The following standards represent the standards recommended by the Federal-Provincial Task Force. In most major respects the analysis set forth in Chapter III is based on measures which are a close approximation of these standards.

The greatest departure of our analysis from these guidelines occurs with respect to crowding. While the crowding standards below are based upon square footage per person, our analysis was of necessity based upon the more economical assessment of persons per room.

Housing Standard Recommended by Federal - Provincial Task Force

The following specifications cover the structural condition, facilities and occupancy patterns considered necessary for safety, health, social and personal well-being.

1. The building must be in structurally sound and safe condition.

   (a) Poor housing, which is not acceptable, is any structure with one or more of these structural conditions: sagging roof, sloping walls, poor foundations.

   (b) Fair housing, which is acceptable, is any structure with none of the above structural conditions and no more than two of the following conditions of maintenance:

   (1) Shingles missing from roof;
   (2) Sagging eavestrough;
   (3) Broken windows;
   (4) Loose bricks;
   (5) Sagging porches, poor porch footings;
   (6) Poor paint.

   (c) Good housing is any structure with no more than one of the conditions of maintenance listed under item (b).

---

* Adapted from Davis C. Neave, Housing Survey of Social Assistance Recipients in Calgary, City of Calgary Social Services Department, March 1973.

2. The building must:

   (a) Be connected to a municipal water supply and to a municipal sewage system or septic tank;

   (b) Have at least 60 ampere electrical service;

   (c) Have a central heating system;

   (d) Not be infested with rodents, vermin or other pests.

3. Every dwelling must:

   (a) Contain at least 100 square feet of habitable space per occupant;

   (b) Have one or more windows in each habitable room, opening directly on a street, yard, court or lane, and have a window or other form of ventilation in the bathroom;

   (c) Have either one lighting fixture plus one electrical outlet, or two outlets, in every habitable room; if a room exceeds 150 square feet, there must be one additional outlet.

4. A dwelling intended for occupancy by a family with one or more children must in addition to the above:

   (a) Be located within one quarter mile of public open space, or provide yard space on site available for children to play in;

   (b) Have 100 square feet of habitable space (which may be in a basement or attic) in addition to the basic requirement of 100 square feet per occupant;

   (c) Have a living room or living area of at least 100 square feet (exclusive of dining or kitchen areas);

   (d) Have a kitchen or kitchen area (which may be part of a living room or dining room) of at least 35 square feet, equipped with a stove having 220 volt wiring, or a gas stove, an electric or gas refrigerator, a sink with hot and cold running water, at least six square feet of work space (which may be a table not used for eating), at least six square feet of shelf space for storage, and an easily cleaned floor covering;

   (e) Have a dining room or dining area (which may be part of a living room or kitchen) of at least 25 square feet;

(f) Contain a three-piece bathroom or equivalent, with hot and cold running water, that may be shared by not more than seven non-family persons;

(g) Contain generally one bedroom for every two occupants three years of age or over; two persons may share a bedroom provided they are married, or of the same sex, or of opposite sexes if one is under six years of age; two exceptions exist: (1) a child under three years of age may share a bedroom with two other persons; and (2) three children who are under ten years of age and are either of the same sex or who meet the specifications above for double sharing, may share one bedroom. The minimum area for a bedroom used by one person shall be 70 square feet, by two persons, 100 square feet, and by three persons, 150 square feet; 10 square feet of this shall be used as cupboard space and may be enclosed.

(h) Have access to indoor or outdoor space for drying clothes.

5. A dwelling intended for occupancy by adults only must:

(a) Contain one room for every two occupants which, when used for sleeping, may be shared by a married couple or two persons of the same sex;

(b) When occupied by two persons, have 50 square feet of habitable space in addition to the basic requirement of 100 square feet per occupant;

(c) When cooking is done in the unit, have, in addition, a kitchen area of at least 20 square feet which shall have a minimum of a two-burner hot plate and electric oven, or equivalent combination and electrical outlets permitting an electric kettle or toaster to be used simultaneously with the hot plate, storage space of at least three square feet, and have the use of an electric or gas refrigerator and a sink with hot and cold running water.

When cooking not done in unit, have the use of kitchen facilities as described above shared by not more than seven persons all told.

(d) Have access to a three-piece bathroom or equivalent, with hot and cold running water, shared by not more than seven persons all told.

Appendix D

A COMPARISON OF ACTUAL SHELTER COSTS AND OTHER STATISTICS FOR SOCIAL ASSISTANCE FAMILIES IN DECEMBER 1973 WITH PROJECTIONS FOR CALENDAR 1974

Below are presented selected statistics showing the difference between actual shelter cost and related statistics in December 1973 and as projected for calendar 1974. These statistics demonstrate fairly clearly the moderate impact of the adjustment procedures used in our projections. Thus we note, for example, in Table D.1 projected rent increases of $1.85 to $4.47 for families in the private market. Other statistical shifts (See Table D.2) are also of moderate size.

TABLE D.1

AVERAGE SHELTER COSTS FOR SOCIAL ASSISTANCE FAMILIES IN DECEMBER 1973 AND CALENDAR 1974 BY FAMILY SIZE

(N = 31,400)

	All Social Assistance Recipients		Social Assistance Recipients in the Private Housing Market	
Family Size	Average Shelter Cost in December 1973	Average Shelter Cost in Calendar 1974*	Average Shelter Cost in December 1973	Average Shelter Cost in Calendar 1974*
	$	$	$	$
1	72.17	73.80	75.60	77.45
2	112.45	114.81	119.79	122.76
3	119.97	122.29	130.74	133.91
4	127.45	129.84	141.35	144.89
5	137.31	139.80	161.75	165.80
6+	142.16	144.85	179.00	183.47

* Projected for 5 per cent annual rent inflation in the private market

TABLE D.2

OTHER COMPARISIONS BETWEEN DECEMBER 1973 STATISTICS AND CALENDAR 1974 PROJECTIONS,* FOR FAMILIES AND INDIVIDUALS IN THE PRIVATE MARKET ONLY

	December 1973	Projections for Calendar 1974*
Average shelter shortfall of Social Assistance recipients	$20.34	$22.25
Percentage of recipients facing shelter allowances	67.9%	69.1%
Average shelter ratio of Social Assistance recipients	43.2%	44.0%
Percentage of recipients with shelter ratios in excess of 25%	86.2%	86.9%

* Assumed 5% annual rent inflation in the private market

Appendix E

COMPUTATION OF STANDARD FAMILY BUDGETS

The figures used in this study to assess family budgetary needs are derived from the Social Planning Council's Guides for Family Budgeting, published in December 1972. The Guides is divided into basic areas of family expenses comprising food; clothing; housing; utilities and fuel; homefurnishings and equipment; household operation; health care; personal care; recreation, reading and communication; transportation; special school needs. In each of these areas the amount and kind of goods and services needed to maintain the physical and social well-being of individuals and families were established by expert committees comprised variously of nutritionists, economists, etc. Subsequently, these goods and services were priced in the general market.

Where applicable, as in food, clothing, personal care, etc., the sex, age and activity level of individuals were taken into account when establishing the basic stock of goods and services. Family size was also used as a criterion where relevant, as, for example, in the section on homefurnishings and equipment. The budget costs so established were summarized in two tables, one of costs that vary by family composition and the other of costs that vary by family size.*

These figures have been updated and projected for calendar 1974 using projected changes in sub-components of the Consumer Price Index to calendar 1974.** The resulting tables are presented below.

---

* See Guides for Family Budgeting, Social Planning Council of Metropolitan Toronto, pp. 74-76.

** Some controversy surrounds the application of the CPI to the peculiar sets of goods priced by the Guides. It may be that updates to the Guides so taken will have significantly biased estimates for some subcategories of family expense. The tendency towards bias in estimates of overall family budgets is undoubtedly negligible.

These tables were used to establish budget needs for each individual or family in our sample of social assistance recipients. For each individual family member the requisite costs from Table E.1 (Costs That Vary by Family Composition) according to sex, age and activity level were summed, and the totals for all members of the family added together. This amount was then added to the costs from Table E.1 (Costs That Vary by Family Size) for the appropriate family size, to give a total family budget. Where indicated in Guides for Family Budgeting, adjustments were made to the costs as given in the summary tables, for example, to food costs for families of different size, or to recreation, reading and communication costs if the family was female-headed.

This gave a total family budget for all aspects of basic family expenses except housing. Because of the peculiarity of the housing market and the near impossibility of pricing any housing standard which might be established (in the housing market cost and quality often bear little relation to one another), the actual shelter cost of each individual or family was added to the figure obtained using Guides to give a complete budget. This final figure was used in our analyses to represent an adequate budget to meet family needs.

TABLE E.1

GUIDES FOR FAMILY BUDGETING SUMMARY COSTS,*
UPDATED AND PROJECTED FOR CALENDAR 1974

COSTS THAT VARY BY FAMILY COMPOSITION

Age, sex, employment and activity level	Total $	Food[a] $	Clothing $	Personal Care $	Public Transportation In Metro $	Public Transportation outside Metro $	Special School Needs $	Recreation, Communication & Reading[b] $	Alcohol and Tobacco $
Child:									
1, under 2 years	36.38	26.27	6.66	2.08	0.00	0.00	0.00	1.36	0.00
2-3 years	38.70	26.27	8.61	2.08	0.37	0.00	0.00	1.36	0.00
4 years	43.08	30.65	8.61	2.08	0.37	0.00	0.00	1.36	0.00
Boy:									
5 years	42.98	30.65	8.19	2.08	0.37	0.32	0.00	1.36	0.00
6 years	46.81	30.65	8.19	2.82	0.37	0.32	0.54	3.91	0.00
7 years	52.24	36.09	8.19	2.82	0.37	0.32	0.54	3.91	0.00
8-9 years	53.04	36.09	8.99	2.82	0.37	0.32	0.54	3.91	0.00
10-11 years	59.17	42.21	8.99	2.82	0.37	0.32	0.54	3.91	0.00
12 years	76.85	42.21	8.99	5.78	7.07	0.65	1.37	7.94	0.00
13 years	84.03	49.39	11.82	5.78	7.07	0.65	1.37	7.94	0.00
14 years	87.26	49.39	11.82	5.78	7.07	0.65	4.61	7.94	0.00
15 years	94.38	49.39	18.93	5.78	7.07	0.65	4.61	7.94	0.00
16-18 years	107.82	56.93	18.93	8.45	7.07	0.65	5.84	9.94	0.00
Girl:									
5 years	47.43	30.65	12.64	2.08	0.37	0.32	0.00	1.36	0.00
6 years	51.26	30.65	12.64	2.82	0.37	0.32	0.54	3.91	0.00
7-9 years	56.69	36.09	12.64	2.82	0.37	0.32	0.54	3.91	0.00
10-11 years	62.81	42.21	12.64	2.82	0.37	0.32	0.54	3.91	0.00
12 years	81.22	42.21	16.06	5.91	7.07	0.65	1.37	7.94	0.00
13 years	82.80	43.79	16.06	5.91	7.07	0.65	1.37	7.94	0.00
14 years	86.04	43.79	16.06	5.91	7.07	0.65	4.61	7.94	0.00
15 years	94.09	43.79	24.11	5.91	7.07	0.65	4.61	7.94	0.00
16-18 years	97.53	42.18	24.11	7.73	7.07	0.65	5.84	9.94	0.00
Man:									
Employed:									
Light activity	134.06	41.89	19.73	9.05	13.85	0.65	0.00	30.54	18.33
Moderate activity	139.81	47.64	19.73	9.05	13.85	0.65	0.00	30.54	18.33
Heavy activity	147.84	55.67	19.73	9.05	13.85	0.65	0.00	30.54	18.33
Retired or elderly	96.71	41.89	7.08	7.67	1.54	0.65	0.00	19.54	18.33
Woman:									
Employed:									
Light activity	106.61	36.41	26.40	10.19	13.85	0.65	0.00	11.10	8.01
Moderate activity	109.56	39.36	26.40	10.19	13.85	0.65	0.00	11.10	8.01
Heavy activity	115.21	45.01	26.40	10.19	13.85	0.65	0.00	11.10	8.01
Housewife-moderate activity	88.65	39.36	16.51	9.64	3.38	0.65	0.00	11.10	8.01
Elderly	75.67	36.41	13.99	8.72	1.54	0.65	0.00	6.34	8.01

(a) For 1 person, add 25% of food costs; for 2 person families, add 10% of food costs; for 3 person families, add 5% of food costs; for 5 person families, decrease food costs by 5%; for families of 6 or more persons, decrease food costs by 10%.

(b) If the woman is Head of Household, apply costs shown for employed man.

COSTS THAT VARY WITH FAMILY SIZE

Family Size	Total $	Household Operation[c] $	Home Furnishings $	Medical, Dental and Health Care $
One person	42.85	7.13	14.02	21.71
Two persons	73.16	13.26	17.23	42.67
Three persons	80.15	12.92	19.88	47.36
Four persons	83.80	13.92	22.52	47.36
Five persons	87.96	14.92	25.69	47.36
Six persons	92.85	15.92	28.85	48.07
Seven persons	97.01	16.92	32.02	48.07
Eight persons	101.17	17.91	35.19	48.07
Nine persons	105.34	18.92	38.35	48.07
Ten persons	109.51	19.91	41.52	48.07

(c) Household operation costs for elderly one-person families are $11.05; costs for elderly two-person families are $17.16.

* ALL COSTS SHOWN ARE MONTHLY COSTS.

Appendix F

FAMILY BUDGETARY STANDARDS IN RELATION TO THE ECONOMIC COUNCIL OF CANADA/DOMINION BUREAU OF STATISTICS AND RELATIVE POVERTY LINES

A curious finding of our research has been the close approximation of the budget standard we have chosen to the ECC-DBS poverty line. Comparisons are difficult for family sizes of 5 or greater, as the highest ECC-DBS size category is 5+, but the simiarity of the figures is striking nonetheless.

On the average the main budgetary standard set forth in this report (82.5% of complete adequacy) is about 5% less than the ECC-DBS poverty lines, and about 20% less than the "Relative" Poverty line (see Table F.1). [1] This results largely because of the low budgetary requirements of welfare families as compared to other families. Their budgetary needs are less than those of other families because: (1) They have few work-related expenses; (2) They tend to be heavy consumers of either public housing or low quality housing; (3) Family composition differs markedly from the population norm in ways that further reduce budgeting requirements.

The considerable effect of public housing tenure on budgetary requirements is indicated in Table F.2. There we see average (82.5%) annual budetary requirements of those in public housing to be considerably less than for those not in public housing: $240 fess for a single person, $534 less for a family of five, and $961 less for a family of 10. Yet even the higher (82.5%) annual budgetary requirements of families and individuals in the private housing market do not generally exceed the ECC-DBS poverty line.

---

1. To estimate budgetary requirements for very large families, a family size index has been derived from our budget data and used to transform these figures. Estimated standard budget requirements are given by multiplying the budget for family size 4 by the Family Size Index. This index is as follows:

Size	Family Size Index
5	1.15
6	1.30
7	1.45
8	1.60
9	1.70
10	1.80

TABLE F.1

STANDARD BUDGETARY REQUIREMENTS BY SIZE FOR SOCIAL ASSISTANCE FAMILIES, * AND AS COMPARED TO THE ECC-DBS AND RELATIVE POVERTY LINES AND AVERAGE ANNUAL INCOME

ESTIMATES FOR CALENDAR 1974

Size	Annual SPC Standard Budgetary Requirement for Social Assistance Families	.825 of Standard Budgetary Requirements	ECC-DBS Unofficial Poverty Line	Relative Poverty Line	Average 1974 Income of** Families on Social Assistance
1	2860	2359	2356	2800	2063
2	4450	3671	3927	4700	2944
3	5403	4457	4711	5600	3630
4	6357	5244	5496	6500	4196
5	7310	6031	6282	7500	4560
6	8264	6818	***	8400	5119
7	9218	7605	***	9300	5566
8	10,171	8391	***	10,300	6012
9	10,807	8916	***	11,200	6458
10	11,443	9440	***	12,100	6904

* The reader is cautioned that the Standard budgetary estimates given apply only to the social assistance population studied, and not to the general population of families in Metro Toronto.

** Income figures for sizes 6 to 10 have been estimated using a regression model because of the relatively small number of cases surveyed in each of those size groups.

*** ECC-DBS Poverty line cuts off at $6282 for families of 5 or more.

TABLE F.2

STANDARD BUDGETING REQUIREMENTS* BY SIZE FOR SOCIAL ASSISTANCE FAMILIES IN PUBLIC HOUSING AND NOT IN PUBLIC HOUSING

Size	Social Assistance Families in Public Housing		Social Assistance Families in Private Housing		ECC-DBS Unofficial Poverty Line	Relative Poverty Line
	100% Adequacy	82.5% Adequacy	100% Adequacy	82.5% Adequacy		
1	2,682	2,213	2,974	2,453	2,356	2,800
2	4,172	3,442	4,626	3,816	3,927	4,700
3	5,066	4,179	5,617	4,634	4,711	5,600
4	4,960	4,917	6,608	5,451	5,496	6,500
5	6,854	5,654	7,599	6,269	6,282	7,500
6	7,748	6,392	8,590	7,086	***	8,400
7	8,642	7,130	9,582	7,904	***	9,300
8	9,536	7,867	10,573	8,722	***	10,300
9	10,132	8,359	11,234	9,267	***	11,200
10	10,728	8,851	11,894	9,812	***	12,100

* The reader is cautioned that the standard budgeting estimates given apply only to the social assistance population studied, and not to the general population of families in Metropolitan Toronto.

*** ECC-DBS Poverty line cuts off at $6282 for families of 5 or more.

Appendix G

A COMPARATIVE ANALYSIS OF HARDSHIPS FACED BY GENERAL WELFARE AND FAMILY BENEFITS RECIPIENTS

A. Introduction

One obvious question arising from the analysis of our data concerned the relative status of GWA and FBA individuals and families. The answer to this question was mainly of programmatic concern: if the two groups differed in the extent to which they suffered the hardships of sub-standard housing and shelter shortfall, then differential treatment in the question of supplementary allowances might be called for.

Opinions of policy makers and others as to the findings to be expected from a comparative analysis of the two groups differed widely. Thus, such a comparison would provide a very useful expansion of our all-too-inadequate understanding of social assistance populations, as well as providing valuable program design data.

The brief analysis we have conducted focuses upon answering these questions:

> "To what extent do GWA and FBA individuals and families differ in the adequacy of the housing they occupy?" "To what extent do GWA and FBA recipients differ in shelter costs faced, and thus in shelter shortfall?" "To what extent do GWA and FBA recipients face differing degrees of budgetary hardship?" "What conclusions might we draw as the the relative need of GWA and FBA recipients for supplementary allowances?"

To make our findings clearer, we have done two things. First, we have removed public housing occupants from our analysis, so that we may focus only on the approximately 25,200 social assistance recipients obtaining

housing in the private market. Second, we have produced separate comparisons for single persons as opposed to families. In the next section we will look at GWA and FBA single persons. Then, in the following section we compare GWA and FBA families. Finally, we note some conclusions about the relative need of GWA and FBA recipients.

B. A Comparison of the Housing Situations and Hardships of Single Persons Receiving General Welfare Assistance and Family Benefits

1. Housing Quality/Housing Adequacy Among GWA and FBA Singles

Our analysis of GWA and FBA singles shows GWA singles to be more generally in a disadvantaged housing situation. This is reflected (see Table 20) in a much higher percentage of GWA singles (77.5%) than FBA singles (68.7%) in poor or sub-standard housing.* This undoubtedly is affected by the somewhat larger percentage of GWA singles who are roomers (66.6%) as compared with FBA singles (60.6%). Additionally, GWA singles are more likely to share accommodations (37.9%) than are FBA singles (28.3%).

TABLE G.1

ADEQUACY OF HOUSING FOR GWA & FBA SINGLE INDIVIDUALS IN PRIVATE HOUSING

	GWA Singles	FBA Singles
Percentage in good housing	22.4	31.3
Percentage in fair to poor housing	20.4	13.3
Percentage in sub-standard housing	57.1	55.4

* Statistical tests of significance of differences will not be presented here, but as a rule of thumb, we will not generally interpret difference in percentages of less than 3% as significant.

2. Shelter Shortfall and Shelter Ratios Among GWA & FBA Singles

Shelter shortfall shows a similar difference between GWA and FBA singles, with GWA singles generally having greater excess shelter cost. Shelter shortfalls average $18.89 for GWA singles and $13.05 for FBA singles. More GWA singles face shelter shortfall also: 77.4% of all GWA singles have shelter costs in excess of allowances as opposed to 56.3% of all FBA singles.

Shelter ratios (Table G.2) show a somewhat different picture. Among GWA single recipients, 84.7% have shelter ratios in excess of 25%, but FBA singles are even more likely to have high shelter ratios (88% of FBA singles have shelter ratios over 25%). Housing inadequacy and shelter shortfall notwithstanding, this suggests that GWA singles are generally better able to pay for their housing. That this is true is shown below.

TABLE G.2

SHELTER RATIOS FOR GWA AND FBA SINGLE INDIVIDUALS IN PRIVATE HOUSING

	GWA Singles	FBA Singles
Under 25%	15.3	12.0
25% to 50%	54.1	59.1
Over 50%	30.6	28.9

3. Budgetary Adequacy among GWA and FBA Singles

As can be seen in Table G.3, GWA singles differ considerably from FBA singles in patterns of budgetary adequacy. GWA singles (23.5%) are much more likely to have high budget ratios (over 90% adequacy) than FBA singles (12%). FBA singles (72.3%) are more likely than GWA singles (59.2%) to fall in the middle range of budgetary adequacy (budget ratios between 50% and 90%). Overall these data suggest a much more advantaged position for GWA as compared to FBA singles.

TABLE G.3

BUDGET RATIOS FOR GWA AND FBA SINGLE INDIVIDUALS IN PRIVATE HOUSING

Budget Ratios	GWA Singles	FBA Singles
Under 50%	17.3	15.7
50% to 70%	37.8	38.6
70% to 90%	21.4	33.7
90% to 100%	8.2	6.0
Over 100%	15.3	6.0

4. Discussion

In general, it is difficult to compare the two populations and deem one group better off or worse off than the other. GWA singles are generally in a worse situation regarding housing, but they also have higher annual incomes (see Appendix B) and are better able to pay than FBA recipients. FBA recipients tend to occupy better housing generally, but overall they exhibit much greater budgetary inadequacy. Weighing the budget ratio as our most sensitive indicator of hardship, we must in sum judge the position of the FBA singles to be slightly worse than that of GWA singles,

but not different enough to warrant different entitlement to any supplementary allowances.

C. A Comparison of Families Receiving General Welfare Assistance and Family Benefits

1. Housing Quality/Housing Adequacy among GWA and FBA Families

As was the case with single persons, GWA families in private housing tend to occupy more sub-standard housing than their FBA counterp rts. Thus we find 43.7% of all GWA families in sub-standard housing, as compared to 36.7% of all FBA families (Table G.4).

Other aspects of the groups' housing statuses showed a more complex pattern. More GWA families (20.1%) than FBA families (9.4%) are roomers. In contrast, FBA families were much more likely to share accommodations: while 22.9% of all GWA families were found to share, 34.5% of all FBA families were found to share their dwellings.

TABLE G.4

ADEQUACY OF HOUSING FOR GWA AND FBA FAMILIES IN PRIVATE HOUSING

	GWA Families	FBA Families
Percentage in good housing	29.2	38.7
Percentage in fair to poor housing	27.1	34.6
Percentage in sub-standard housing	43.7	36.7

2. Shelter Shortfall and Shelter Ratios among GWA and FBA Families

Shelter costs and shelter shortfall are similarly high among GWA and FBA families. Overall, GWA families face slightly higher average shelter shortfalls ($29.96) than FBA families ($27.94), with only small difference in incidence of shelter shortfall -- 75% of GWA families have shelter shortfall and 72% of FBA families.

Shelter ratios (Table G.5) were somewhat higher among GWA families. Thirty-three percent of all GWA families pay more than half their income for shelter, as compared to 26.9% of all FBA families.

TABLE G.5

SHELTER RATIOS FOR GWA AND FBA FAMILIES IN PRIVATE HOUSING

	GWA Families	FBA Families
Under 25%	11.6	10.3
25% to 50%	55.8	62.9
Over 50%	32.6	26.9

3. Budgetary Hardship among GWA and FBA Families

As was true for single individuals, budget ratios for GWA and FBA families are quite different (see Table G.6). Generally, FBA families tend to cluster in the moderate range of budgetary adequacy (between 50% and 90% adequacy). Thus we find 91.4% of all FBA families in this range of budgetary adequacy but only 63.2% of all GWA families. GWA families are eight times as likely as FBA families to have annual incomes that are 100% adequate for needs. But at the same time they are four times as likely to fall below 50% adequacy.

TABLE G.6

BUDGET RATIOS FOR GWA AND FBA FAMILIES IN PRIVATE HOUSING

Budget Ratios	GWA Families	FBA Families
Under 50%	15.9	4.3
50% to 70%	37.8	38.6
70% to 90%	25.4	52.8
90% to 100%	6.7	2.5
Over 100%	14.2	1.8

D. Discussion

Generally, our comparisons of GWA and FBA singles and our comparisons of GWA and FBA families have shown differences of uncertain significance between the hardships faced by the FBA and GWA populations. No clear picture emerges of one group being more disadvantaged than the other. While slightly different mixes of misery are evident, the dosage appears about equally harmful in each case.

Regarding the question of remedial supplementary allowances, our conclusion is that both GWA and FBA families and individuals should be eligible for any equitable program of supplementary allowances.

Appendix H

SOME CAUTIONS REGARDING ESTIMATES OF PROGRAM COST.

Although we have considerable confidence in both our survey data and our methods of analysis, several cautions should be noted regarding the program cost projections. These cautions are different in type from those related to confidence intervals, and merit the close attention of policy-makers.

First, it should be emphasized that the program cost estimates given apply only to the target population designated at the time the study was commissioned -- GWA and FBA recipients receiving benefits from the Municipality of Metropolitan Toronto. Extension of any supplementary allowance program to the remaining FBA cases could increase program cost by 10-15%.

Second, an upward shift in the rate of rent inflation beyond our projected 5% will have significant cost implications. As projected rates of inflation have skyrocketed even during the writing of this report, policy makers are well advised to consider the cost implications of a rate of rent inflation approaching 10%.

Third, the cost projections given are highly sensitive to change in Metro caseload size and composition. The number of cases served is an obvious factor in cost. The significance of composition is less obvious but considerable, since an increase in the number of families receiving social assistance has a disproportionately greater effect on cost (per unit costs being higher). As new information on caseload changes becomes available, cost projections should probably be adjusted by the per unit costs indicated in Chapter VII.

Fourth, the supplementary allowances recommended in Chapter VII represent a significant effective increase in shelter allowances. Such a shift represents a change in the 'rules of the game' which may affect housing consumption of recipients. Faced with higher shelter allowances,

some families in poor housing will opt to improve their housing situations and move to a better dwelling unit. This is desirable to the extent that housing quality is improved, but undesirable from a budgetary point of view. Generally, however, we would expect this effect to be minor.

Finally, the estimates given do not take into account the possibility of landlord "gouging" often described as a pervasive element in social assistance recipients' housing consumption. This, of course, is the situation often described as follows: first, social allowances are increased by the Government to alleviate hardship, then the 'slum' landlord specializing in rentals to welfare recipients raises rents to some new level the "traffic can bear"; then social assistance recipients come to face greater hardship financially; so social allowances are again increased by the Government.

Such "leakage" as a result of gouging by landlords undoubtedly occurs, but two considerations lead us to treat this concern as minor in comparison to the impact of general rent inflation. First, the true extent of such practices is unknown, but our own assessment leads us to view it as an uncertain factor in rental increases. (We have examined dates of rental changes in 1973 and found only a small degree of correspondence between rental changes and changes in social allowance rates.) Second, in the midst of spiralling real estate costs, and frantic land speculation it may be naive to expect "slum landlords" to gear rent increases to increases in social allowances. Partly this seems reasonable because a poor increase in rate of return on investments would be the fate of any businessman linking his revenues to the rate of increase of social allowances. More significantly, because of the extraordinarily tight housing market, we would expect such landlords to raise prices regardless of the ability of social allowance recipients to pay. With housing in extremely low supply, such landlords should be able to attract non-social assistance renters in spite of the poor quality of their housing.

Appendix I

GLOSSARY

Budget Ratio:	A value indicating the adequacy of family budgets. Expressed as a percentage, it indicates the percentage of required income actually available to a family.
Computer Simulation:	A technique for representing a model of a social or economic system or process within a computer in such a way that the model may be manipulated/tested to predict possible real world outcomes.
Non-linear Programming:	A mathematical technique common to economic analyses which deals with such problems as finding the most profitable mix of inputs or products for an industry or factory. Here it is being used to delineate the most effective allocation of any supplementary allowances which may be allocated.
Shelter Ratio:	This is the value obtained by dividing shelter expenditures by total income. It is expressed as a percentage, indicating the percentage of income spent on shelter. A shelter ratio of 25% has been widely accepted as the critical value, with shelter ratios over 25% indicating likely financial hardship.
Shelter Shortfall:	The number of dollars by which actual shelter costs exceed a social assistance family's actual allowance for shelter.